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BUDGET SUMMARY

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U.S. DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

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INTRODUCTION

This booklet describes the fiscal year 1991 budget for the Department of Agriculture. All references to years refer to fiscal year, except where specifically noted. Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals.

"Program Level" represents the gross financial value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.

"Budget Authority" is the authority to commit funds of the Treasury. This authority is normally provided by the Congress through appropriations acts. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended Government programs.

"Obligations" are specific commitments of Government funds. In order to make a valid obligation, a sufficient amount of unused budget authority must be available to cover the obligation.

"Outlays" are cash disbursements from the Treasury to satisfy a valid obligation.

"Fiscal year 1990 current estimate" represents the post-sequester level where applicable. The Department of Agriculture's outlays are reduced by \$331 million under the 1.4 percent across-the-board reductions pursuant to the Gramm-Rudman-Hollings sequester.

Since the primary purpose of this booklet is to describe the programmatic impact of the 1991 budget, the program level concept has been used in most instances. However, there are some cases where other measures are used and the reader should take care to note which measure is being used in any particular subject area. The reader should also understand that:

- 1) Many 1991 estimates are very tentative especially where programs are sensitive to weather or economic conditions.
- 2) Credit programs do not necessarily represent a net loss to the Government because of the borrower's commitment to repay.

Any questions may be referred to the Office of Budget and Program Analysis at (202) 447-6176.

UNITED STATES DEPARTMENT OF AGRICULTURE
Program Level and Outlays
(Dollars in Millions)

Agency/Program	Program Level				Outlays		
	1989 Actual	1990 Current Estimate	1991 Budget	Change 1990 to 1991	1989 Actual	1990 Current Estimate	1991 Budget
RESEARCH AND EDUCATION							
Agricultural Research Service	\$568	\$591	\$629	\$38	\$572	\$586	\$617
Cooperative State Research Service	317	341	347	6	341	376	361
Extension Service	362	369	346	-23	360	367	342
National Agricultural Library	14	15	16	1	13	15	15
Research Construction	38	56	33	-23	10	37	29
Total, Research and Education	1,299	1,372	1,371	-1	1,296	1,381	1,364
COMMODITY PROGRAMS							
Commodity Credit Corporation	20,270	14,451	18,123	3,672	10,523	8,174	10,239
ASCS, Salaries and Expenses	619	624	630	6	0	0	0
Total, Commodity Programs	20,889	15,075	18,753	3,678	10,523	8,174	10,239
INTERNATIONAL PROGRAMS							
Export Credit Guarantees	5,195	5,500	5,500	0	0	0	0
Export Enhancement Program	338	566	900	334	0	0	0
P.L. 480	1,466	1,522	1,463	-59	1,157	1,178	1,029
Foreign Agricultural Service	95	101	104	3	89	101	104
Targeted Export Assistance	200	200	200	0	0	0	0
General Sales Manager	7	7	8	1	0	0	0
Office of Intern'l Cooperation & Development ...	38	53	51	-2	8	12	11
Total, International Programs	7,339	7,949	8,226	277	1,254	1,291	1,144
SOIL AND WATER CONSERVATION PROGRAMS							
Soil Conservation Service	704	728	725	-3	681	739	733
Conservation Reserve Program	1,372	1,765	2,254	489	1,372	1,765	1,992
Agricultural Stabilization and Conservation Service, Financial Assistance	209	227	216	-11	227	209	215
Total, Soil and Water Conservation	2,285	2,720	3,195	475	2,280	2,713	2,940
FOREST SERVICE	2,789	2,873	3,104	231	2,944	3,179	3,020
SMALL COMMUNITY AND RURAL DEVELOPMENT							
Farmers Home Administration:							
Farm Programs	2,232	4,213	3,365	-848	2,987	2,671	1,753
Rural Housing Programs	2,173	2,269	2,116	-153	3,677	2,983	2,563
Rural Community Development Programs	674	955	646	-309	538	1,051	1,062
Salaries and Expenses	521	565	602	37	406	419	443
Subtotal, Farmers Home Administration	5,600	8,002	6,729	-1,273	7,608	7,124	5,821

Agency/Program	Program Level				Outlays		
	1989 Actual	1990 Current Estimate	1991 Budget	Change 1990 to 1991	1989 Actual	1990 Current Estimate	1991 Budget
Rural Electrification Administration:							
Rural Utility Loans	\$1,055	\$1,976	\$1,625	-\$351	\$471	\$78	\$616
Salaries and Expenses	31	31	33	2	31	31	33
Subtotal, Rural Electrification Admin.	1,086	2,007	1,658	-349	502	109	649
Federal Crop Insurance Corporation	1,669	1,298	171	-1,127	1,103	1,181	430
Total, Small Community and Rural Development .	8,355	11,307	8,558	-2,749	9,213	8,414	6,900
FOOD AND CONSUMER SERVICES							
Food and Nutrition Service:							
Food Stamp Program	12,860	14,770	15,407	637	12,819	14,369	15,399
Child Nutrition Programs	5,015	5,300	5,173	-127	4,898	5,330	5,174
Women, Infants and Children (WIC).....	1,929	2,126	2,215	89	1,942	2,127	2,210
Food Donations Programs	311	320	337	17	282	312	316
Temporary Emergency Food Assistance	170	169	170	1	161	172	170
All Other	109	113	119	6	108	112	118
Subtotal, Food and Nutrition Service	20,394	22,798	23,421	623	20,210	22,422	23,387
Nutrition Assistance for Puerto Rico	908	937	0	-937	906	937	2
Total, Food and Nutrition Service	21,302	23,735	23,421	-314	21,116	23,359	23,389
Human Nutrition Information Service	9	9	11	2	8	9	10
Section 32 Funds	37	351	300	-51	103	60	0
Total, Food and Consumer Services	21,348	24,095	23,732	-363	21,227	23,428	23,399
MARKETING AND INSPECTION SERVICE							
Animal and Plant Health Inspection Service	339	366	398	32	362	366	314
Food Safety and Inspection Service	406	418	442	24	402	416	442
Agricultural Marketing Service	168	178	202	24	131	138	150
All Other	60	61	65	4	23	25	23
Total, Marketing and Inspection Programs	973	1,023	1,107	84	918	945	929
ECONOMICS AND STATISTICS	115	120	140	20	114	117	139
DEPARTMENTAL ACTIVITIES							
Departmental Offices	112	116	126	10	109	115	126
Centralized Activities	82	93	109	16	76	91	108
Receipts	0	0	0	0	-1,628	-1,594	-1,590
USDA, TOTAL	\$65,586	\$66,743	\$68,421	\$1,678	\$48,316	\$48,246	\$48,715

USDA SUMMARY

The overall USDA budget for 1991 calls for a program level of \$68.4 billion, an increase of \$1.7 billion over the 1990 current estimate of \$66.7 billion. Cash outlays for 1991 are estimated at \$48.7 billion, an increase of \$0.5 billion over the 1990 current estimate of \$48.2 billion.

The 1991 budget contains several initiatives including:

- o Food Safety. The Department proposes to significantly upgrade the Federal Government's information on the use of pesticides and the presence of pesticide residues in the food supply (page 13).
- o Research. In 1991 a major research initiative is proposed to be funded at a level of \$100.0 million. Through the use of competitive grants, this program will apply advanced technologies to reach solutions for the most urgent problems facing farmers, ranchers, and consumers of agricultural products. Funding for this initiative is proposed to increase by \$50.0 million in each of the outyears (page 16).
- o Water Quality. An additional \$52.2 million over the 1990 level of \$155.0 million is proposed for the 1991 budget. The increase will be used to continue and expand the governmentwide water quality initiative. Nine USDA agencies will provide data collection and analysis, research, education and financial assistance (page 18).
- o Global Change. An increase of \$26.2 million over the 1990 level of \$21.2 million is proposed in 1991 for the global change initiative. This is a part of a governmentwide research and data analysis program coordinated through the Committee on Earth Sciences. Research funding is proposed for Federal laboratories operated by the Agricultural Research Service and the Forest Service and for competitive grants to universities to assure that a broad spectrum of expertise is engaged in developing solutions to major issues identified with changes in the environment (page 22).
- o Strengthening 1890 Land-Grant Institutions. The 1991 budget proposes an additional \$7.7 million over the 1990 level of \$77.4 million to increase funds to strengthen the ability of these schools to recruit and to conduct research and extension programs in areas of national priority (page 24).
- o America the Beautiful. The 1991 budget proposes a Presidential initiative (America the Beautiful) to expand tree planting and to improve the global environment. The program in the Department of Agriculture (\$263.9 million), will expand the land acquisition program and implement a new tree-planting program on private and community land. A similar program is in the 1991 budget for the Department of the Interior (page 26).

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Agency highlights include:

Proposed funding for Research and Education programs total \$1.4 billion in 1991.

- o Agricultural Research Service research funding for 1991 totals \$605.1 million compared to \$560.1 million in 1990. Increases are proposed in Soil and Water Conservation (+\$15.4 million) to participate in governmentwide water quality and global change programs; Plant Science (+\$13.2 million) to implement a program of genome mapping to be jointly funded with the National Research Initiative and to strengthen the plant germplasm system; Animal Science (+\$4.3 million) to develop enhanced disease resistance, better diagnostic methods and develop means to preserve important animal germplasm; Commodity Conversion and Delivery (+\$11.9 million) of which \$10.8 million is to enhance research in the areas of food safety. In addition, construction funds totalling \$32.6 million are proposed to address major modernization projects at four high priority research labs including the Beltsville Research Center (page 28).
- o Cooperative State Research Service programs are proposed at a total level of \$346.9 million. This includes a \$100.0 million program of competitive research grants as the first increment of a National Research Initiative which would enhance basic research programs for plant and animal systems, natural resources and the environment, and nutrition, food quality and health. With favorable Congressional action on the proposal, the Administration is committed to annual increases of \$50.0 million in each of the outyears. This initiative includes an increase of \$15.0 million to map plant genomes for which ARS would have lead responsibility. Increases are proposed for Hatch (+\$3.4 million) and 1890 colleges (+\$1.2 million) formula programs to partially offset increased costs experienced in these research programs. Additional funding is proposed to expand and continue a program to strengthen the research and teaching capacity at the historically black 1890 Land-Grant institutions (+\$5.5 million). Special Grants funding is reduced by \$30.7 million but certain high priority projects are funded including global change research (\$5.0 million), water quality research (\$10.0 million), and increases for integrated pest management research and minor use drug and pesticide programs (page 31).
- o Extension Service programs are proposed at a total funding level of \$345.7 million, \$23.5 million below the 1990 current estimate. Proposed increases include funding for the education component of the coordinated water quality initiative (+\$10.3 million), a new youth-at-risk program (+\$10.0 million) which would finance Extension Service participation in comprehensive

prevention/intervention projects in communities with serious risk factors, a new program to provide food safety information to producers and consumers (+\$2.0 million) and formula funding (+\$5.6 million). Funding is proposed to continue programs in pest management, pesticide impact assessment, and low-income nutrition education (EFNEP). Funding is provided to continue the 1890 facility improvement program (\$9.5 million) and to increase the 1890 Colleges formula funds (+\$1.3 million). Funds for lower priority earmarked programs including urban gardening, farm safety, and financial management are not proposed in the budget (page 34).

- o National Agricultural Library programs are increased by \$1.1 million to expand information sharing networks with other libraries and to partially cover book and periodical price increases (page 36).

Net outlays for the Commodity Credit Corporation programs continued to decline from \$12.5 billion in 1988 to \$10.5 billion in 1989, less than half of the record-setting 1986 level of \$25.8 billion. This decline is the result of the market-oriented provisions of the Food Security Act of 1985, decreasing inventories and strong grain prices due to the recent droughts. Outlays are expected to drop to \$8.2 billion in 1990 largely due to the 1989 drought. In 1991 outlays are estimated at \$10.2 billion, an increase of \$2.1 billion over the estimated 1990 level, based on the following assumptions: more normal crop production levels in 1990 and 1991; target prices which are the same as those in effect for the 1990 crops; and program savings of \$1.5 billion to be achieved through the legislative process (page 37).

The total program level for the International Programs is \$8.2 billion in 1991. Short and intermediate term export credit guarantees are projected at the 1990 level of \$5.0 billion and \$0.5 billion, respectively. The Export Enhancement Program is estimated at \$0.9 billion. Total commodity shipments for the P.L. 480 program are projected higher in 1991, up from 5.9 million metric tons in 1990 to 6.4 million metric tons. This is a result of lower projected commodity prices (page 41).

The 1991 budget for the Soil Conservation Service (SCS) is \$725.4 million, about the same level as the 1990 current estimate. SCS will continue to place top priority on the conservation provisions of the Food Security Act (FSA) of 1985, with an increase of \$3.4 million in technical assistance for existing conservation program operations and for continued implementation of the FSA. An increase of \$17.0 million to a total of \$44.0 million is proposed to provide technical assistance in support of the administration's water quality initiative. The budget proposes decreases in funding for Watershed Planning (-\$1.9 million), River Basin Surveys and Investigations (-\$1.9 million), and Resource Conservation and Development (-\$2.4 million). Legislation will be proposed to require cost-sharing for flood control purposes in watershed and flood prevention operations. This proposal is similar to current practices in other government water programs. The budget proposes \$24.6 million (+\$3.7 million) for the Great Plains

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Conservation Program, which would allow for an increase in the number of new GPCP contracts (page 45).

The 1991 program level for the Agricultural Stabilization and Conservation Service reflects stable funding levels for the traditional cost-share programs. Increased funding is available for the high priority special water quality projects of the Agricultural Conservation Program and the Colorado River Basin Salinity Control Program. The Conservation Reserve Program will provide rental and cover cost payments for up to 40 million acres of highly erodible or environmentally sensitive land to the extent they are enrolled by the end of 1990. The Forestry Incentives Program will provide funding for timberstand improvement and additional tree planting, consistent with the Administration's "America the Beautiful" initiative (page 49).

The Forest Service budget for 1991 is estimated at \$3.1 billion which is slightly above the 1990 estimate. Receipts from the timber sales, recreation, grazing and mineral lease activities are expected to be \$1.5 billion.

The Forest Service budget proposes \$263.9 million for a new initiative, America the Beautiful. This program will emphasize expanded environmental concerns and wise management of our nation's natural resources. Under this initiative, a land acquisition component (\$88.9 million) is proposed to purchase land of recreational value and of wildlife and fish habitat importance, and a tree planting component (\$175.0 million) is proposed to foster a cost-sharing, tree planting program and to increase forest resource stewardship on private and community forests, parks, and neighborhood lands. The tree planting aspect of this program is designed, among other things, to reduce levels of carbon dioxide and to demonstrate American commitment to worldwide forest management.

The Forest Service budget proposes a timber sales level of 10.564 billion board feet for 1991 compared to 10.356 billion board feet estimated for 1990. The funding level for timber related activities is proposed at \$1.3 billion, about the same level as 1990.

The Forest Service budget also includes a pilot proposal to eliminate below-cost timber sales on 12 specified forests. To offset reduced timber sales activity, \$10.0 million in additional recreational funding will be available to expand or improve recreational facilities on these 12 National Forests. Drug control activities will expand by over \$5.0 million in 1991, more than double the amount of 1990. The increase will permit more investigations of cases involving the use of National Forests for cultivating illicit drugs. Emphasis also will be placed on securing greater State and local cooperation to enforce drug laws on Federal property managed by the Forest Service.

Since the national forests record more recreation visitor use than any other Federal lands and contain nearly 80 percent of the wilderness system outside the State of Alaska, the 1991 funding of the recreation program increases by \$26.2 million (12.3 percent) over the 1990 current estimate to reflect the high priority of this program (page 52).

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Program levels for Small Community and Rural Development would total over \$8.5 billion in 1991, down from the 1990 level of \$11.3 billion but consistent with the 1989 program level of \$8.4 billion. The 1991 budget continues the policy of shifting from direct to guaranteed loans for Farmers Home Administration (FmHA) and Rural Electrification Administration (REA) lending. This emphasis on guaranteed loans, specifically the interest subsidy for a portion of the guaranteed loans, will stimulate private lending in rural areas. This not only improves the market orientation of government-assisted credit supplied in rural areas, it will also relieve FmHA personnel from a portion of the loan making responsibility, freeing them to work on other policy initiatives, such as improving loan servicing of existing direct loans.

- o A total of \$3.4 billion would be available for Farm Loans from FmHA in 1991. Guaranteed loans have exceeded direct loans since 1987 and even more emphasis on guaranteed lending is planned for 1990 and 1991. A portion of the guaranteed loans will be subsidized. The subsidy would allow for reductions in interest expense on the guaranteed loans down to the interest of the regular direct loans, if necessary for the borrower to cashflow. A total of \$400.0 million in guaranteed farm loans would be eligible for the interest subsidy. This important new initiative will encourage private sector guaranteed lending and provide more opportunity for borrowers who cannot afford commercial interest rates to qualify for such loans (page 57).
- o Through a mix of direct and guaranteed loans, rental assistance and a voucher program, Housing Loan and Grant Programs will assist approximately 66,500 housing units, about the same number assisted in 1989 and 1990. Although direct loans for single family housing would be reduced from \$1.3 billion in 1990 to \$609.0 million in 1991, an additional \$594.0 million would be made available through guaranteed loans, 50 percent of which would receive an interest rate subsidy. This subsidized guaranteed lending is expected to stimulate greater private sector interest in rural housing. The multi-family housing loan program would be targeted to areas with inadequate supplies of rental housing. In addition to the existing programs, the budget includes \$190.0 million for a housing voucher program which will be used in areas where an adequate supply of rental housing currently exists. Vouchers will allow participants a wider range of housing options to choose from and the flexibility to move and retain their housing supplement. The rental assistance program would continue to assist families in FmHA-financed housing (page 59).
- o The budget for the Water and Waste Disposal Loan and Grant Programs, the Community Facilities Loan Program, and the Rural Development Loan Fund continues the shift from direct to guaranteed loans. The water and waste disposal program and the community facilities program each include \$50.0 million in loan guarantees to be available for the more financially secure

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communities. Direct loans would be targeted to communities with the lowest incomes and areas with significant health hazards. The Business and Industry Loan Guarantee Program would be terminated as similar assistance is available through the Small Business Administration. The Rural Development Loan Fund would be increased from \$19.0 million to \$30.0 million (page 61).

- o The proposal for the Rural Electrification Administration continues limited direct loan assistance for those electric and telephone borrowers most in need of financial assistance but shifts most electric lending to private sector guarantees. Those borrowers that are capable of qualifying for private sector credit would receive assistance through partial guarantees of private sector loans. In the electric loan programs \$200.0 million would be available for REA direct loans to distribution borrowers. In addition, \$400.0 million in private sector guarantees would be available for distribution borrowers and \$700.0 million in private sector guarantees for power supply borrowers. For the telephone program the budget includes \$125.0 million for direct Rural Telephone Bank loans and \$200.0 million in private sector loans to be partially guaranteed by the Rural Telephone Bank (page 62).
- o The Federal Crop Insurance Corporation program would be terminated in 1991. The Department will consider options for a new disaster assistance program during 1990 legislative negotiations (page 63).

The 1991 budget for Food and Consumer Programs, excluding the Puerto Rico block grant which would be funded through the Department of Health and Human Services (HHS), is proposed at \$23.4 billion, an increase of \$0.6 billion over the 1990 current estimate. Highlights include:

- o A program level of \$15.4 billion is requested for the Food Stamp Program, about a 4 percent increase from the 1990 current estimate. Increases in the maximum benefit resulting from increases in food costs are offset somewhat by an expected reduction in participation as a result of projections that unemployment will decline in 1991. Legislative changes that are expected to save an estimated \$70.0 million will be incorporated in the proposed reauthorization of the Food Stamp Act which expires at the end of 1990. Tightening statutory language in the Employment and Training Program is expected to produce savings of \$20.0 million, and an additional \$50.0 million savings is anticipated as recipient income increases due to newly obtained child support (page 66).
- o A program level of \$5.2 billion is requested for the Child Nutrition Programs, about \$0.1 billion less than the 1990 current estimate. This allows for an increase in food costs and participation; and proposed legislation to increase subsidies for meals served in the National School Lunch Program to children in households between 130 and 185 percent of poverty by

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an additional \$0.20 per meal. Program increases will be offset by about \$0.5 billion in total savings achieved by eliminating cash and commodity subsidies for meals served in the National School Lunch Program to children from families with incomes over 350 percent of poverty (\$0.2 billion in savings) and establishing an income-based meal subsidy structure in family day care homes comparable to that provided in child care centers (\$0.3 billion in savings) (page 67).

- o A program level of \$2.2 billion is requested for the Supplemental Food Program for Women, Infants, and Children in 1991, slightly above the 1990 funding level. This takes into account increases in participation made possible through food cost containment initiatives, primarily infant formula rebates. Participation will be increased by 0.1 million to about 4.7 million recipients per month (page 71).
- o A 5 percent budget increase is requested to continue the Food Donations Programs which serve the homeless and elderly, as well as Indians, and women, infants, and children in areas that prefer to run commodity distribution rather than coupon-type programs. The 1991 budget requests \$336.9 million to meet the demands of increased participation (page 72).
- o The budget proposes that the 1990 appropriated funding level of \$170.0 million be continued in 1991 for the Temporary Emergency Food Assistance Program. Requested funding will provide low income individuals with food assistance through the purchase and intrastate distribution of commodities (page 73).
- o The 1991 budget proposes no funding for the expiring Nutrition Assistance to Puerto Rico program. A new \$825.0 million cash grant will be authorized under the Social Security Act and administered by HHS (page 74).

The program level for Marketing and Inspection Programs is proposed at just over \$1.1 billion, an increase of \$84.0 million over the 1990 current estimate level. Outlays resulting from the increased program level are partially offset by proposals for new user fees totalling \$98.0 million.

- o The 1991 program level for the Animal and Plant Health Inspection Service is proposed at \$398.3 million, an increase of \$32.4 million over the 1990 current estimate. The Brucellosis program is proposed for funding at \$64.6 million, an increase of \$2.7 million. The current policy is to eradicate the disease over the next 8-10 years. Funding for the Screwworm program for 1991 is proposed at \$33.4 million to widen the protective barrier in the Mexico-Guatemala border area to prevent the northward movement of the screwworm fly. The Agricultural Quarantine Inspection program is proposed at \$75.0 million and

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will continue to serve as the major defense against the introduction into the United States of harmful agricultural pests and disease. Legislation will be proposed to charge fees to travelers to cover the cost of this program which would be consistent with the current practices of the U.S. Customs Service and the Immigration and Naturalization Service. In the Animal Welfare program increases are proposed for additional inspection of animal holding and research facilities (+\$1.2 million). Other increases are proposed primarily for biocontrol efforts (+\$1.8 million) and expanded Animal Damage Control efforts (+\$2.7 million). Amounts proposed for 1991 for renovations or construction of facilities total \$25.4 million primarily for a germplasm quarantine center, animal disease center and the relocation of the wildlife research center (page 77).

- o The 1991 budget proposes \$442.1 million for the Food Safety and Inspection Service, an increase of \$24.0 million over the 1990 current estimate. The increase will fund additional inspectors for new slaughter lines (+\$3.0 million), and increased operating costs (+\$21.0 million) (page 81).
- o The 1991 budget proposes \$201.5 million for the Agricultural Marketing Service, an increase of \$23.6 million over the 1990 current estimate. Of the total program level, \$146.8 million will be financed from user fees including new fees of \$13.3 million. Legislation will be proposed to charge user fees for tobacco news reports, commodity standardization, and administration and economic analysis of marketing agreements and orders (page 82).

As part of the Food Safety Initiative, an increase of \$15.8 million is proposed for contracts with the States to conduct commodity pesticide residue testing within market distribution channels. Other program increases include funding the continued development and implementation of a market news data base; monitoring and testing of egg products for microbiological and chemical contamination (page 13).

- o The 1991 budget proposes \$47.6 million for the Federal Grain Inspection Service, an increase of \$3.1 million over the 1990 current estimate for increased operating costs and additional work to improve grain quality standards, inspection methods development and residue testing. Legislation will be proposed to charge user fees (\$5.7 million) for standardization and quality assurance activities (page 84).

The 1991 budget for the Economics and Statistics agencies proposes an increase of \$20.4 million. The Administration's concern for the safety of the nation's food and water supply is evidenced by the approximately \$11.0 million increase to initiate new analysis, as well as expand existing analysis and data collection, regarding these issues. The Department will

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focus on pesticide/chemical use and residue problems. In addition, approximately \$4.0 million will be directed toward improving overall efficiency and quality of data collection and about \$300 thousand will be directed toward improving USDA weather monitoring and establishment of a data base which will improve USDA forecasting by monitoring both foreign and domestic supply/demand conditions (page 87).

The 1991 budget for Departmental Activities proposes increases to partially cover increased operating costs and for several initiatives (page 89).

The staff offices will focus additional resources on programs to increase the Department's recruitment of minorities; to develop, monitor, and manage a centralized motor vehicle information system; and to work with program agencies to increase minority business participation in government contracts.

The Offices of the Inspector General and the General Counsel include program increases to strengthen the audit, investigative and legal activities of the Department.

The increased funding for centralized activities is provided, primarily, for additional hazardous waste management projects performed by various agencies throughout the Department.

MAJOR INITIATIVES

FOOD SAFETY PROGRAMS

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
New Initiative:			
Agricultural Marketing Service	0.0	0.0	\$15.8
Natl. Agr. Statistics Service	0.0	0.0	7.0
Economic Research Service	0.0	0.0	1.2
Human Nutrition Info. Service	0.0	0.0	1.0
Subtotal	0.0	0.0	25.0
Expanded Research:			
Economic Research Service	\$0.3	\$0.3	0.7
Agricultural Research Service	25.2	27.5	38.3
Cooperative State Research Service ..	6.8	8.0	7.6
Subtotal	32.3	35.8	46.6
Ongoing Efforts:			
Food Safety and Inspection Service ..	23.0	26.0	27.0
Extension Service	6.0	6.0	8.0
Federal Grain Inspection Service	0.3	0.3	0.4
Agricultural Marketing Service	9.3	9.6	11.2
Animal & Plant Health Insp. Service .	0.5	0.0	0.0
Subtotal	39.1	41.9	46.6
Total, Food Safety Programs	\$71.4	\$77.7	\$118.2

Food safety is an issue of major concern to consumers and producers alike. Reports of chemical residues on food may be based on incomplete information and may create situations which unduly damage markets for farmers and cause unwarranted economic hardship. The dilemma facing the Government is that it simply does not have the information to validate occurrences of food contamination.

Several important actions are being taken to strengthen the Government's ability to respond to food safety concerns and to protect the public health. These actions include the President's Food Safety Plan which would coordinate activities under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) with those administered under the Federal Food, Drug and Cosmetic Act (FFDCA). The Administration proposes amendments to improve and clarify the standards and procedures in the food safety regulatory system.

In order to assess the needs for the USDA food safety programs, the Department reviewed the complexity of the National food safety system. The Environmental Protection Agency (EPA) registers specific uses for pesticides and the Food and Drug Administration (FDA) protects consumers

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from violative residues. The EPA decisions assume that all pesticides are used at the maximum allowable amounts for the maximum number of approved applications. This theoretical risk may significantly exceed the actual risk of pesticide residues in the food supply. The FDA performs tests which are limited to suspicions warranting validation. Such information is not comprehensive and may significantly overstate actual dietary risk. To deal with these issues we need to more adequately determine the dietary exposure from pesticides by collecting several important missing pieces of data. These data would significantly upgrade the statistical reliability and extent of available information on the use of pesticides and the presence of pesticide residues in the food supply.

The Department's initiative would provide \$25.0 million for a multi-agency effort to collect and analyze residue data regarding actual exposure levels in the U.S. food supply. The Agricultural Marketing Service (AMS) would administer a national pesticide residue monitoring program. Contracts would be entered into with states to sample and test commodities within market distribution channels for pesticide residues. These contracts would "piggy-back" statistically-based tests of commodity residues onto existing state pesticide monitoring programs. Such information could improve the effectiveness of the FDA programs to protect public health. The first phase would focus on fruits and vegetables. In 1992, the program would be expanded to include milk and dairy products, grains such as wheat and rice, nuts and processed food products.

The National Agricultural Statistics Service (NASS) would collect additional on-farm pesticide use data. The data would also support the water quality programs as well as other environmental studies and would be useful in determining what chemicals to isolate in the AMS national residue monitoring program.

The Economic Research Service (ERS) would estimate the impacts of alternative pesticide regulations and policies and conduct additional research on the economics of food safety.

The Human Nutrition Information Service (HNIS) would incorporate the pesticide use data (as collected by NASS) and the levels of pesticide residues on fresh and processed products (as collected by FSIS, FGIS, AMS, States, FDA, EPA, universities, industry associations and food companies) with the Food Consumption Survey on individual eating patterns. Residue exposures in the total diet and selected food sources for individuals would be assessed for the average population and by selected characteristics such as age, sex, region of the country, income, education, pregnancy status, and other factors.

Expanded research will be conducted by the Agricultural Research Service and the Cooperative State Research Service. They will provide the scientific basis for operation of testing programs; to develop techniques for rapid pesticide residue detection; and for processes to control salmonella and other microbiological contaminants, and mycotoxins in food grains, feed grains, milk, meat, poultry and eggs.

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Ongoing programs will be expanded to test for drug and pesticide residues, and microbiological and mycotoxin contaminants. These programs include the Food Safety and Inspection Service tests for residues in meat and poultry products, the Federal Grain Inspection Service tests for aflatoxin in grain, and the Agricultural Marketing Service efforts in processed eggs.

The Extension Service will educate farmers, merchandisers, and consumers regarding safe production, handling and food preparation procedures.

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NATIONAL INITIATIVE FOR RESEARCH ON AGRICULTURE, FOOD AND ENVIRONMENT

Program Level
(Dollars in Millions)

Program	1991 Budget
Natural Resources and the Environment	\$15.0
Global Change	(9.4)
Water Quality	(4.6)
Sustainable Agriculture	(1.0)
Nutrition, Food Quality and Health	5.0
Plant Systems	50.0
Plant Genome Mapping	(15.0)
Other Plant Systems	(35.0)
Animal Systems	<u>30.0</u>
Total	<u>\$100.0</u>

Agriculture and forestry have historically faced challenges from uncertainties of pests, diseases, weather and changing consumer desires. Recent years have seen the list expand to include complex food safety and environmental concerns. Application of science and technology to the problems of farm and ranch producers has traditionally provided solutions which have allowed American producers to compete in a world market increasingly dominated by low-wage and subsidized producers. At the same time, some of the traditional solutions to agricultural problems--chemical inputs to plant and animal production, tillage methods and other management practices--are coming under scrutiny from environmental and consumer interests. New solutions are needed for long-standing problems and the emerging concerns of global change, environmental degradation and food safety need to be addressed. A 1989 report of the National Academy of Sciences recognized the opportunities available to researchers through advanced biological sciences to solve increasingly complex agricultural and forestry problems.

USDA proposes \$100.0 million to fund the first year of a major initiative to apply advanced technologies to the solution of complex, vexing problems facing farmers, ranchers and consumers of agricultural and forestry products. To the extent that funds are awarded competitively and not earmarked for special interest purposes, the Administration proposes that funding for this initiative be increased by \$50.0 million annually through the outyears. The initiative builds upon the strengths of the Federal-State partnership for agricultural research and the 1991 budget reflects the importance of continuing and strengthening priority ongoing programs at Federal labs and the universities. Ongoing competitive grant programs would be incorporated into the initiative. Funding would be provided to individual researchers and multi-disciplinary teams on a competitive basis

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to assure that the best science is funded. Eligible recipients include scientists at universities and Federal labs, private and nonprofit organizations. Ten percent of the funds will be directed to building the future competitiveness of smaller, less developed institutions. Planned research under the initiative, both basic and applied, is oriented to solving the most challenging problems in the agricultural sciences. Some projects will develop the knowledge base currently lacking in the plant and animal sciences to form the basis for long-term advances in technology. Grants will also support projects with shorter-term application to address current needs.

Funds are proposed for four categories of research under the initiative:

- o Natural Resources and the Environment. Topics for research include water quality as outlined in the USDA Research Plan for Water Quality, global change work in coordination with the plan of the Committee on Earth Sciences and research on sustainable agriculture.
- o Nutrition, Food Quality and Health. Research will focus on the relationships of human health to diet and food safety and quality. Opportunities are available to design foods for optimal nutrition and safety. Advanced research methods can help understand microbiological contamination and human nutrition at the molecular and cellular levels.
- o Plant Systems. Developing a better understanding of basic plant functions offers the promise to address pest and disease problems through built-in defense mechanisms, provide improved biomass for energy production, increase forest productivity and develop more nutritious crop plants to improve human health. A highlight of the plant systems research is a \$15.0 million program to begin mapping the genomes--the genetic blueprints--of important crop plants. Genome maps will form the basis for enhanced genetic engineering of plants by identifying the locations of economically important genes on chromosomes. The Agricultural Research Service is the lead agency for the genome mapping program (page 28).
- o Animal Systems. Animal disease has long been an impediment to profitable livestock production. Nutritional concerns have driven consumer preferences for lower fat products. Proposed research will apply advanced research tools including genome mapping and genetic engineering to understand the mechanisms which control fat deposition, animal disease and reproduction, and use that knowledge to solve production and consumer issues.

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WATER QUALITY PROGRAMS

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Research:			
Agricultural Research Service	\$30.0	\$37.5	\$44.9
Cooperative State Research Service ..	19.5	24.8	30.3
Economic Research Service	0.8	1.1	1.7
Forest Service	0.1	0.1	0.1
Subtotal	50.4	63.5	77.0
Data Collection and Analysis:			
Economic Research Service	0.0	1.5	3.0
Extension Service	0.0	0.5	0.5
Subtotal	0.0	2.0	3.5
Technology Transfer:			
Extension Service	16.3	19.5	29.8
National Agricultural Library	0.0	0.3	0.3
Soil Conservation Service	13.7	26.5	44.1
Subtotal	30.0	46.3	74.2
Financial Assistance:			
Agricultural Stabilization and Conservation Service	18.8	32.8	40.2
Operational Programs:			
Animal and Plant Health Inspection Service	10.4	10.4	12.3
Total, Water Quality	<u>\$109.6</u>	<u>\$155.0</u>	<u>\$207.2</u>

Increases are proposed to continue and expand water quality programs funded in 1990 as part of a coordinated governmentwide initiative. Much of the initiative will be targeted to nonpoint source pollution identified in plans developed by States under requirements of Section 319 of the Water Quality Act of 1987. Agriculture has been identified as a nonpoint source pollution contributor in many States. The major objective of the USDA water quality initiative is to provide farmers, ranchers and other land managers with the information necessary to voluntarily adopt improved, environmentally-sound management practices which do not sacrifice profitability. With a \$45.4 million increase approved by Congress in 1990, planning and initial implementation is well underway in concert with other Federal agencies--including EPA and the Departments of Commerce and Interior. A major research thrust in 1990 will begin to develop a more complete understanding of the problems and will form the basis for the development of improved management practices in the Midwest Corn Belt and

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other important agricultural regions. Results of previous research provide sufficient information to begin education and technical assistance efforts to demonstrate environmentally-sound techniques available to producers. As research proceeds, education and technical assistance projects will represent an increasing share of the total initiative.

A Working Group on Water Quality of the Secretary's Policy and Coordination Council has been established to assure high level coordination of water quality programs among all USDA agencies. The group, chaired by the Deputy Assistant Secretary for Science and Education, is coordinating water quality issues across the spectrum of USDA programs, including research, education and technical assistance activities. The group is developing strategies and broad guidelines for implementing water quality program activities and will provide advice to the Council on existing and emerging issues in water quality. At the staff level, committees have been established to assure that planning and implementation of programs is coordinated among involved agencies and to develop the appropriate linkages to assure the relevance of planned activities to the overall objective of encouraging voluntary adoption of both economically and environmentally-sound farming practices. These committees also include representatives of other Federal agencies and departments, including EPA and the Departments of Interior and Commerce. Representatives of the Economic Research Service are involved in program planning and implementation to assure inclusion of an appropriate framework for economic analysis of projects. Planning and coordination with university programs is handled through the Cooperative State Research Service and the Extension Service. Coordination efforts have already resulted in plans to designate field sites for joint use by researchers from USDA and the U.S. Geological Survey. Planning for technical assistance and research programs is also being closely coordinated.

Highlights of the major program elements funded in 1991 follow:

Research Programs. A \$13.5 million increase is proposed for Federal and university research programs. Work will continue at sites being developed in 1990 in support of a targeted program to develop improved management systems for farmers in the Midwest Corn Belt, where concentrated corn and soybean production involves widespread use of nitrogen and pesticides in connection with conservation tillage practices. Work will also be expanded to address other major research objectives which are to:

- o Determine the extent and seriousness of potential agricultural contributions to nonpoint source pollution.
- o Develop improved farm and ranch management practices to maintain and improve water quality without sacrificing profitability.
- o Improve the understanding of transport and deposit of agricultural chemicals in soils and water.
- o Develop less costly groundwater sampling techniques.

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Ongoing related programs will be continued to develop more effective biological controls, improved integrated pest management systems and means to better target pesticide applications. Longer-term benefits will also accrue from germplasm enhancement programs to impart natural resistance to pests and to map plant genomes to more quickly target economically important genes. Increases for these programs in 1991 are discussed in the research section.

Data Collection and Analysis. Statistically reliable information on pesticide use and farm practices will be required in the development of effective strategies to improve agricultural chemical management. Other Federal agencies will also use the data to better understand patterns of pesticide use in relation to identified water quality problems. Economic analysis will be an ongoing feature of the initiative to assess the impacts of alternative systems and approaches on producers, consumers and rural communities. Specific projects include:

- o Collection of pesticide use data by ERS for major crops, with State level statistical reliability, in coordination with other agencies and related programs in food safety.
- o Analysis by ERS of management practices under development by ARS and the universities to assess the economic consequences of adoption of new farming systems.

Technology Transfer. Voluntary adoption of environmentally sensitive management practices by farmers and ranchers is the major objective of USDA water quality programs. Success in achieving this objective will rely heavily on the effective transfer of new research information to producers through existing programs. Education and technical assistance programs will be offered to producers through Extension and Soil Conservation Service programs which will emphasize the need to adapt research findings to local conditions. A key to success will be developing the talents and skills in these agencies to quickly and effectively understand and transfer new technologies. Of the technology transfer program, \$12.0 million will be devoted to improving capabilities at the field level to deliver water quality technical assistance and education. Technical assistance and education will be offered through enhanced ongoing programs and concentrated efforts targeted to specific sites with identified water quality improvement needs, as described below.

- o Funds available in 1990 are supporting enhanced technical assistance and education programs in 37 selected high priority hydrologic units where nonpoint source agricultural chemical contamination has been identified in State plans. Increased funding proposed in 1991 will provide support for programs in an additional 37 hydrologic units to be selected on the basis of several established criteria including an identified groundwater program, the existence of a Section 319 plan, availability of State cost-share funds and a local commitment to the project.

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- o Eight projects have been funded in 1990 to demonstrate state-of-the-art management practices to farmers and ranchers. An additional eight demonstration projects will be selected and supported with increased 1991 funds. Sites will be selected on the basis of 13 criteria that focus on the uniqueness of the water quality problem, its relationship to agricultural activities, the level of public support and the measurability of results.
- o Increased technical assistance and education resources are being devoted to regional programs where agriculture has been identified as a contributor to water quality degradation. Projects include the Chesapeake Bay, Great Lakes, Tennessee Valley, Puget Sound, Gulf States and Colorado River.
- o Funding will be continued for ongoing programs in related areas, including an NAL information center on water quality, and education on biological control of pests and diseases, integrated pest management and pesticide applicator training.

Financial Assistance. Cost-share programs will be offered to producers participating in water quality programs to assist in the cost of installing improvements. Funds are increased from 1990 levels to continue scheduled implementation of the Colorado River Salinity Control Program and to provide additional funding for nonpoint source hydrologic units and demonstration sites.

Operational Programs. APHIS adopts less chemical intensive approaches to pest suppression and eradication when effective alternatives are available. Major programs include biological control and a grasshopper integrated pest management program. Increases from the 1990 level represents additional emphasis on use of biological control agents.

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GLOBAL CHANGE

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Agricultural Research Service	\$0.7	\$1.1	\$8.5
Cooperative State Research Service	4.4	4.3	14.4
Forest Service	13.8	15.8	23.0
Soil Conservation Service	0.0	0.0	1.5
Total, Global Change	<u>\$18.9</u>	<u>\$21.2</u>	<u>\$47.4</u>

Scientists are increasingly concerned with the potential effects on climate patterns which may result from increased concentrations of carbon dioxide and methane in the atmosphere. Agriculture and forestry could be affected from shifts in temperature and rainfall as well as directly from increased carbon dioxide. It is also recognized that agricultural practices, including certain livestock and crop management practices, can contribute to increases in methane and other gases in the atmosphere. Scientists involved in modeling climate changes are particularly interested in the level of impacts generated by various agricultural practices.

A total increase of \$26.2 million is proposed for USDA global change programs as part of a governmentwide research and data analysis program being coordinated through the Committee on Earth Sciences. Research funding is proposed for Federal labs operated by ARS and the Forest Service and for competitive grants to universities to assure that a broad spectrum of expertise can be engaged in developing appropriate solutions to major issues identified in global change plans. Two major objectives will be pursued through the agricultural research program on global change. First, there is a need to understand the potential contributions of various crop and livestock systems to global change and to develop improved systems that reduce those effects. Examples include new rice and livestock production systems that reduce methane emissions from those sources. This research will also provide inputs to improve the predictive capabilities of climate models developed by other agencies. The second focus of agricultural research is to assess the effects of global change on agriculture and develop means to overcome those challenges to profitable production.

Forest Service will expand ongoing programs to monitor effects of changes in atmospheric gases and other global change factors on forest health and productivity and will conduct research to better understand forest ecosystem dynamics. This Forest Service research will build on a long history of research in acid deposition and other environmental studies at a number of sites. Collection of soil and snow data by the Soil Conservation Service will be an important input into understanding national implications of global change.

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In addition to the directed global change programs described above, a number of other USDA research and data collection programs provide significant related inputs into better understanding and addressing global change issues. Included are soil and water research and survey programs and research which supports development of crop plants better able to withstand climate extremes. These important programs will be continued.

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INITIATIVE TO SUPPORT 1890 LAND-GRANT INSTITUTIONS AND TUSKEGEE UNIVERSITY

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Cooperative State Research Service:			
Evans-Allen Formula for 1890			
Institutions	\$24.3	\$25.0	\$26.2
Capacity Building Grants	0.0	5.4	11.0
Strengthening Grants	1.9	1.9	0.0
Other Programs, Grants to			
Historically Black Institutions	2.5	2.8	1.3
Subtotal	28.7	35.1	38.5 a/
Extension Service:			
Formula Payments for Extension			
Services	18.3	21.8	23.1
Grants for Extension Facilities	9.5	9.4	9.5
Other Program, Grants to Other			
Historically Black Institutions	1.7	1.7	1.7
Subtotal	29.5	32.9	34.3
Other Agencies:			
Cooperative Research, Support of			
Agency Programs, Student			
Assistance and Recruiting	7.2	9.4	12.3
Total	\$65.4	\$77.4	\$85.1

a/ Excludes funds within other proposed higher education programs which will also support minority expertise development.

Advances in agricultural sciences offer the possibility to solve complex production and environmental problems facing producers and consumers, but only if a well-trained research force is available. Data on enrollment in food, agriculture and related disciplines indicates a potential future shortage in professionals needed for government and private sector positions in these fields. Trends in minority participation in these fields indicates a particular under-representation of these individuals. A traditional source of minority graduates in the food, agricultural and natural resource sciences has been the 1890 land-grant institutions and Tuskegee University. In the 1990 budget, USDA proposed an initiative to strengthen the ability of these schools to recruit and graduate high quality students and to conduct research and extension programs in areas of high National priority. The 1991 budget proposes to increase funds available for the initiative.

Cooperative State Research Service

- o Evans-Allen Formula. These formula funds provide support for non-earmarked research programs developed at the state level in

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cooperation with 1862 institutions. Current programs emphasize work on human nutrition, rural development and small-scale farming. Additional funding of \$1.2 million would finance work on alternative cropping, animal production systems, and aquaculture.

- o Capacity Building Grants in Food, Agriculture and Forestry. This program is designed specifically to build institutional capacity through cooperative programs with Federal and non-Federal entities. Grants are awarded through a competitive process and will require matching from non-Federal sources beginning in 1991 to encourage expanded linkages with 1890 institutions as performers of research and providers of talent for the agricultural sector.
- o Strengthening Grants. This program has provided base funds to support faculty development, curriculum development, student internship, etc. It is being discontinued in favor of increased funding for the capacity building grants programs.
- o Other Programs. Include grants to land-grant institutions and other institutions with a demonstrated capacity in the agricultural sciences.

Extension Service

- o Formula Payments for Extension Services. Programs at the 1890 institutions and Tuskegee University are coordinated with 1862 institutions and focus on financial and marketing assistance to limited resource farmers, and financial, nutrition and child care advice to low-income families. Increased funding of \$1.3 million would enable the 1890's to strengthen programs identified as national priorities including competitive and sustainable agriculture, nutrition, family support, rural revitalization, and youth at risk.
- o Facility Grants. This is a program of grants for extension facilities and equipment. It is a five-year program, begun in 1988, to complement a research facilities grant program that was carried out from 1983 to 1987. The capital improvements financed with these funds will allow the 1890's to expand programs, provide additional services and make use of new equipment and technology.
- o Other Programs. Includes grants for extension work to historically black universities which are not part of the 1890 land-grant system.

Other Agencies

- o Most other USDA agencies support the initiative under various programs of student assistance, recruiting and cooperative agreements for research or other joint projects.

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AMERICA THE BEAUTIFUL

Program Level
(Dollars in Millions)

Program	1991 Budget
Department of Agriculture:	
Land Acquisition	\$88.9
Tree Planting Initiative	175.0
Subtotal	<u>263.9</u>
Department of Interior:	
Land Acquisition	161.1
Resource Protection and Recreation Enhancement	<u>205.1</u>
Subtotal	<u>366.2</u>
Total, America the Beautiful	<u>\$630.1</u>

The 1991 budget proposes a Presidential initiative "America the Beautiful," to protect, conserve, and enhance America's irreplaceable natural resources. The Department of Agriculture's portion of the initiative would expand the existing land acquisition program for the National Forests and implement a new tree-planting program on private and community land. Legislation would be necessary to fully achieve the goals of this initiative. Complementary program expansions are proposed in the 1991 budget for the Department of the Interior.

The goals of the land acquisition component of this program are to purchase land which adds greater recreational or scenic value to areas managed by the Forest Service. Attention also would be given to acquiring land which would improve the habitat for wildlife and fisheries, including endangered species, and would add to the area of wilderness. The land acquisition component would operate within the traditional guidelines of the land acquisition program and would be funded at \$88.9 million in 1991, an increase of \$23.3 million over the 1990 current estimate.

The goal of the tree planting component is to foster wise stewardship of our Nation's natural resources by emphasizing expanded reforestation, improved forest management, and greater public/private sector partnership. The tree planting initiative will help offset some of the forecasted increases in carbon dioxide emissions, demonstrate the commitment of the U.S. to worldwide forest management, address concerns on global climate change, and provide leadership to support conservation through greater interaction between the public and private sectors and volunteer approaches to tree planting and forest management. The objective of the tree planting initiative will be to plant, improve, and maintain one billion trees per year.

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Community volunteerism will be a significant thrust of the initiative. In this regard, the budget also proposes to establish a private nonprofit foundation to lead the nationwide volunteer effort to plant an average of 30 million trees annually in communities. The foundation will promote contributions of funds and labor and mobilize individuals, businesses and organizations to support the planting effort. With increased funding for technical assistance provided through existing urban forestry programs and delivery systems, and in cooperation with foundation activities, efforts will be targeted to site preparation, tree selection, planting and maintenance on publicly-owned sites in cities and towns throughout the country.

Another part of the tree planting initiative will be the rural cost-share program which supports tree planting and forest improvement on rural lands. Private landowners of rural lands, including forestland and economically-marginal and environmentally-sensitive cropland and pasture land, will be eligible for Federal cost-sharing and technical assistance. Significant environmental benefits will be realized by reducing carbon dioxide levels, erosion and ground and surface water contamination and by improving wildlife habitat and outdoor recreational opportunities. A budget of \$110.0 million is proposed for the rural cost-share program.

Virtually every State, community, and citizen in the nation will have the opportunity to participate in the tree planting and forestland improvement initiative.

RESEARCH AND EDUCATION

AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
<u>Operations</u>			
Soil and water conservation	\$66.0	\$73.6	\$89.0
Plant science	214.0	216.6	229.8
Animal science	94.3	99.8	104.1
Commodity conversion and delivery	107.8	110.1	122.0
Human nutrition	45.6	47.9	48.0
Integration of systems	13.0	12.1	12.2
Subtotal, Research Programs	540.7	560.1	605.1
Repair and maintenance	20.8	24.9	17.4
Contingency research fund	0.9	0.9	0.9
Trust Funds	6.0	5.0	5.0
Subtotal, ARS Operations	568.4	590.9	628.5
<u>Construction</u>			
Buildings and facilities	7.9	10.7	32.6
Total	<u>\$576.3</u>	<u>\$601.6</u>	<u>\$661.1</u>

ARS conducts basic and applied research at Federal laboratories to solve problems encountered by agricultural producers and consumers of farm and ranch products. Broad areas of emphasis include efficient food and fiber production, groundwater and other natural resource concerns of agriculture, food safety, development of new products and uses for agricultural commodities and support of USDA regulatory and technical assistance programs. ARS is the lead Federal agency for human nutrition research and operates five major labs for this research. In total, ARS conducts research at 130 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the largest ARS center which is also the world's largest multi-disciplinary agricultural research facility.

The increase of \$45.0 million proposed for ARS research programs reflects the continued high priority placed on agricultural research by the Department. Research to support water quality education and technical assistance programs remains a high priority and a \$7.4 million increase is proposed for projects in close coordination with university research and the research of other Federal agencies. Issues in food safety, ranging from bacterial contamination at the farm level to drug and pesticide residues continue to receive attention and a \$10.8 million increase to

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advance science in these areas is proposed. Other highlights in the ARS budget include a \$3.7 million increase to support a plant genome mapping program jointly with the National Research Initiative and increases for plant and animal germplasm and animal health research (page 16).

Advanced research methods require modern laboratories with facilities not generally available when most ARS buildings were constructed. Included in the 1991 budget is \$32.6 million to continue a modernization program at four major ARS research locations.

Soil and Water Conservation. Farming and ranching practices are under increased scrutiny as potential sources of environmental degradation. Requirements of the Food Security Act of 1985 and the Water Quality Act of 1987 focus particular attention on the need to conserve soil, protect water quality and preserve vital wetland habitats. Potential future climate changes add another dimension to farm and ranch management uncertainties. Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil and water resources is an emphasis of this research program. Increases for 1991 would build on water quality and global change programs conducted in close coordination with other Federal and State research agencies. Specific areas of emphasis include new weed control methods, improved crop germplasm to impart natural pest resistance and increase fertilizer use efficiency and development of production systems to decrease the movement of chemicals to groundwater. Work will continue in the Midwest Corn Belt to develop improved management systems for this region of intense corn and soybean production to reduce the potential for water quality degradation (page 18). ARS research in global change is part of the governmentwide program coordinated by the Committee on Earth Sciences. Research will develop an increased understanding of the impacts of climate and atmosphere changes on agricultural production and the negative impacts of agricultural management practices on global climate. Understanding the agricultural impacts on climate will form the basis for development of more sensitive predictive models of global change patterns.

Plant Science. Ongoing research addresses a wide range of crop production issues, including pest and disease resistance, maintenance and improvement of plant germplasm for increased production efficiency, and understanding basic plant development and function for long-term enhancements in crop production. Scientists are increasingly relying on sophisticated biological engineering techniques which can more quickly and accurately lead to desired changes in crop plant characteristics. This ability to transfer genes among plants opens an arena of crop improvement inconceivable only a few years ago. In order to most effectively utilize these capabilities, researchers need to quickly locate the site of genes controlling the development of the most important plant characteristics. A \$3.7 million increase is proposed to implement a program of genome mapping to be jointly funded with an additional \$15.0 million in the National Research Initiative. An additional \$2.2 million is proposed to strengthen the plant germplasm system to assure the availability of genetically diverse germplasm to address continually changing threats to crop production.

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Animal Science. Animal science research focuses on major livestock and poultry issues, including nutrition, genetics, reproduction, disease research and food quality and safety concerns. Animal diseases pose a continuing threat to profitability of livestock industries. Producers need improved disease controls and genetically improved stocks and regulatory programs need better diagnostic methods. A total increase of \$3.2 million is proposed to apply advanced research methods to develop enhanced disease resistance, better diagnostic methods and develop means to preserve important animal germplasm.

Commodity Conversion and Delivery. Research focuses on development of new food and industrial uses for agricultural commodities, elimination of barriers to export of commodities and food safety and quality concerns. Consumers, both domestic and foreign, are increasingly concerned with the safety of food products. Regulators need rapid methods to assess the microbiological safety of minimally-processed foods and to test for drug and pesticide residues. In conjunction with a broad USDA food safety initiative, a \$10.8 million increase is proposed to enhance research in some of these areas of critical need (page 13).

Buildings and Facilities. Advanced research methods offer opportunities to address complex problems much more successfully than traditional approaches, but generally demand the availability of highly specialized research facilities. Many of the major facilities available to ARS researchers were constructed prior to 1960 and are functionally obsolete and in need of major modernization to correct health and safety code violations. Four priority facility needs are addressed through the 1991 budget proposal. A major study of needs at the Agency's largest laboratory complex, located in Beltsville, Maryland, is nearly complete and has identified a number of priority alterations and new construction projects. Funding through 1990 is being directed primarily to utility and general infrastructure improvements, while \$16.0 million proposed for 1991 will be directed to priorities identified through the study. Additional funds for 1991 are requested for the construction of a new National Seed Storage Lab in Ft. Collins, Colorado (\$4.0 million), construction of a replacement laboratory for fruit research in Yakima, Washington (\$10.1 million) and construction of an addition to the Poultry Disease Research Lab in Athens, Georgia (\$2.5 million) to permit studies on poultry diseases of National concern.

RESEARCH AND EDUCATION

COOPERATIVE STATE RESEARCH SERVICE (CSRS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Hatch Act formula	\$154.7	\$155.1	\$158.5
1890 Colleges and Tuskegee formula ...	24.3	25.0	26.2
1890 capacity building grants	0.0	5.5	11.0
Cooperative forestry formula	17.5	17.3	13.0
Special research grants	42.6	56.3	25.6
Critical Ag. Materials Act	3.7	5.3	0.0
Competitive research grants	39.7	42.5	a/
National Research Initiative:			
Plant systems	0.0	0.0	50.0
Animal systems	0.0	0.0	30.0
Nutrition, food quality & health ...	0.0	0.0	5.0
Natural resources & environment	0.0	0.0	15.0
Subtotal	0.0	0.0	100.0
Animal health and disease formula (Sec. 1433)	5.5	5.4	0.0
Aquaculture research centers	3.7	3.7	0.0
Alternative crops research	1.0	0.3	0.9
International trade centers	3.2	3.1	0.0
Low-input/sustainable agriculture	4.5	4.4	4.5
Groundwater research	3.0	b/	b/
Fed. administration (direct approp.) .	6.4	7.9	1.2
Higher education	4.8	5.9	6.0
Morrill-Nelson higher education grants	2.8	2.8	0.0
Subtotal	317.4	340.5	346.9
Buildings and facilities	29.6	45.1	0.0
Total	\$347.0	\$385.6	\$346.9

a/ Incorporated within National Research Initiative.

b/ Funded within special grants at \$6.7 million in 1990 and \$10.0 million in 1991.

Federally-funded agricultural research conducted in partnership with the State Agricultural Experiment Stations (SAES) is administered through the Cooperative State Research Service. CSRS provides funds through formula distributions to the SAES through the Hatch Act, cooperative forestry and animal health and disease programs, and to other eligible institutions for

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forestry and animal health research. Evans-Allen formula funds support research at the 1890 Colleges and Tuskegee University, the historically black land-grant schools. CSRS also operates competitive grant programs to fund scientifically meritorious research at universities, Federal labs, private organizations and other institutions.

A significant feature of the 1991 CSRS budget is \$100.0 million to fund the first increment of a National Research Initiative in the agricultural and natural resource sciences. With favorable Congressional action on the proposal, the Administration is committed to annual increases of \$50.0 million in each of the outyears. Ongoing competitive grants are incorporated into the initiative. Additional priorities for CSRS in 1991 include water quality, global change, further development of the research and teaching capabilities at the 1890 institutions, and support for higher education.

Hatch, 1890 Colleges and Cooperative Forestry Formulas. These programs provide non-earmarked funding for research in food and agricultural sciences and forestry. On a nationwide basis, Hatch Act formula funds represent roughly 11 percent of the research funding at State agricultural experiment stations and formula funds provide nearly 100 percent of the research funding at the 1890 Colleges and Tuskegee University. Increases are proposed for Hatch and 1890 Colleges formula programs to partially offset increased costs experienced in these research programs. A reduction in funding for the cooperative forestry program will be offset by funds for forestry research under the National Research Initiative.

National Research Initiative. Agricultural producers have long faced challenges to profitable production arising from weather variability, pests, diseases and pressures from inequitable foreign production subsidies. The 1980's brought complex new issues to the forefront, including concern over pesticide and drug residues, increased attention to agriculture as a potential nonpoint source of pollution and the potential for global change which could add a new dimension of uncertainty to production. Advances in the biological sciences present opportunities for application of new approaches to solving traditional and emerging challenges faced by agriculture. A \$100.0 million program of competitive grants is proposed as the first increment of a National Research Initiative supported in a 1989 report of the National Academy of Sciences. Funds would provide increases for basic plant and animal systems, global change, water quality and human nutrition. Within the total, \$15.0 million would fund a program to map economically important crop plant genomes to enhance the ability of scientists to effectively apply genetic engineering techniques to agricultural problems. ARS would have lead responsibility for management of the genome program in coordination with funding proposed for the program within the ARS budget (page 16).

Capacity Building Grants (1890 Institutions). Capacity Building Grants are awarded on a competitive basis to 1890 Colleges and Tuskegee University to support improvements in teaching programs and enhance the ability of these schools to conduct advanced research. Success in achieving matching funds as encouraged by Congress in 1990 provides the basis for including additional funding in 1991 with a requirement for matching from non-Federal

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sources. Participation of a USDA agency to assure relevance of the work to USDA programs and recruitment needs is an additional requirement.

Special Research Grants. Special Research Grants fund research on focused problem areas at land-grant universities and related institutions. Funding proposed for 1991 will continue certain National priority programs at higher funding levels and will initiate a \$5.0 million program of global change research coordinated on a governmentwide basis through the Committee on Earth Sciences. Emphasis of this work would be to gain a better understanding of agricultural contributions of methane and other gases to the atmosphere and to develop new strategies to ameliorate those impacts. Funds would also support a network to monitor ultraviolet-B levels. A \$10.0 million water quality program is proposed as the university research portion of the USDA program. Funds would continue to support projects to develop improved corn and soybean production systems in the Midwest and would fund projects in other regions consistent with the USDA Research Plan for Water Quality. Funding for integrated pest management research, minor use drug and pesticide programs and pesticide clearance are proposed to be increased to address the increased workload in these areas consistent with stepped-up EPA pesticide programs. Special grants for designated local interest projects are not included in the budget and certain other programs, such as animal health are funded through the National Research Initiative.

Low Input/Sustainable Agriculture. Environmental and profitability concerns have led many producers to examine alternative management systems which require the use of fewer purchased inputs. There is a need to provide additional scientific research to support adoption of these management practices in a wide variety of climate, soil and crop settings. Funds are proposed to support a program in all regions of the country which involves farmers and other interested parties in determining program priorities and grant awards. Research in low input systems is also conducted through the State agricultural experiment stations and the Agricultural Research Service.

Higher Education. Funds are proposed to continue the successful graduate training program to develop high quality expertise in the food and agricultural sciences. At the \$4.0 million level, about 65 doctoral and 30 master's fellows would be supported. Including master's fellows in the increased program would enable participation of the 1890 institutions. A competitive institution challenge grants program initiated in 1990 would be increased to \$2.0 million with a continued requirement for matching with non-Federal funds. Funds are available to support improvements in teaching programs and faculty development in the food and agricultural sciences. Both of these higher education programs encourage increased participation of minorities in the agricultural sciences.

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EXTENSION SERVICE (ES)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
General Formula Programs:			
Smith-Lever 3(b&c)	\$241.6	\$242.3	\$246.5
1890 Colleges & Tuskegee University.	18.3	21.8	23.1
D.C. Extension	1.0	0.9	1.0
Subtotal	260.9	265.0	270.6
Smith-Lever Section 3d Programs:			
National Interest Programs:			
Youth at risk	0.0	0.0	10.0
Water quality	1.5	5.2	15.5
Food safety	0.0	0.0	2.0
Low-income nutrition (EFNEP)	58.6	58.2	21.6
Pest management	7.2	7.1	7.2
Pesticide impact assessment	1.6	2.6	3.6
Special Interest Programs:			
Farm safety	1.0	1.0	0.0
Urban gardening	3.5	3.5	0.0
Financial management	1.4	1.4	0.0
Integrated reproductive management .	0.1	0.0	0.0
Rural development centers	1.0	0.9	0.0
Subtotal	75.9	79.9	59.9
1890 extension facilities	9.5	9.5	9.5
Renewable Resources Extension	2.8	2.7	0.0
Section 1440 Grants	3.4	3.3	0.0
Federal admin. (direct approp.)	9.1	8.7	5.7
Total	<u>\$361.6</u>	<u>\$369.2</u>	<u>\$345.7</u>

The Extension Service provides National leadership and coordination for the planning and support of education and technology transfer programs which are carried out in partnership with the States. Extension programs assist individuals and communities in identifying and solving farm, home and local problems through the application of information developed by USDA and the land-grant universities. Federal funds are distributed to the States primarily by statutory formula and provide about one-third of Cooperative Extension funding nationwide.

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Smith-Lever 3(b&c), 1890 Colleges and D.C. Extension Programs. Formula programs provide non-designated support for education and technology transfer programs conducted through the State Cooperative Extension Services. Programs conducted through the 1890 Colleges and Tuskegee University generally focus on small-scale and limited resource producers. Funding of \$9.5 million is proposed as the fourth year of a five year program to upgrade Extension facilities available at the 1890 institutions. Increases proposed for the formula programs in 1991 would partially offset higher costs experienced in these programs.

National Interest Programs. A recently completed national planning effort identified priority issues for Extension programs. Funds are proposed to focus on designated National issues through directed and merit-based grants. An expanded Extension role in water quality education, consistent with plans for water quality programs under a governmentwide initiative, is reflected in the proposed \$10.3 million increase for 1991. Extension funds would continue to support eight demonstration projects and 37 hydrologic units started in 1990 and would expand those programs to cover additional sites in conjunction with the Soil Conservation Service. Funds would also support additional training for State extension professionals to better enable those agencies to interpret and transfer results of water quality research programs. A new \$10.0 million youth-at-risk program is proposed to finance Extension Service participation in comprehensive prevention/intervention projects in specific communities or neighborhoods with serious risk factors such as poverty, high incidence of drug use, teen pregnancy, and welfare dependence. Projects to be supported would involve community-based organizations and local as well as other non-Federal sources of funding. Projects would be comprehensive and intensive including significant efforts on early childhood development. There would be commitments to sustain the project over a period of years, and there is a commitment to evaluation as the project goes forward. Heightened concern among consumers and producers about chemical residues, microbial contamination and other food safety issues has increased the burden on the Extension Service to provide information in this area. A new \$2.0 million program is proposed to provide the information necessary to permit producers to avoid violative levels of animal drugs and pesticides and to assist consumers in understanding safe food handling practices.

Ongoing programs in pest management, pesticide impact assessment and low income nutrition education (EFNEP) are funded in the proposed budget. Matching from non-Federal funding sources would be required for EFNEP. With the addition of matching funds, the proposed \$21.6 million EFNEP program would serve about the same number of participants as the 1990 program at the higher Federal funding level. Funds for lower priority earmarked programs, including urban gardening, farm safety and financial management are not proposed in the budget.

RESEARCH AND EDUCATION

NATIONAL AGRICULTURAL LIBRARY (NAL)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
National Agricultural Library	\$14.3	\$14.7	\$15.8

The National Agricultural Library collects and develops information on agriculture and related sciences and provides information assistance to scientists, specialists, managers, farmers, and the general public. Several information centers, each focusing on a particular subject area, have been established to enhance the quality and quantity of information services. In addition to providing traditional library services, NAL is expanding its role and serving a wider audience by using modern electronic information dissemination technology to provide wider access to the world's agricultural literature. NAL also coordinates with public and private institutions in collection development, indexing and cataloging material pertaining to agricultural and related sciences.

Costs for books, periodicals and other library products have increased above the rate of general inflation, particularly for scientific literature which represents the bulk of NAL acquisitions. Increases totaling \$1.1 million are proposed for 1991. Further development of a network of libraries with agriculture and related collections will allow NAL to stretch limited resources further by reducing duplication in collections and developing coordinated plans for cataloging, indexing, technological advancements for the storage of agricultural information, including easy access and retrieval, and other basic library services. A \$250 thousand increase in 1991 would continue the expansion and improvement of this information exchange network. In addition, funds are proposed for book and periodical price increases and pay increases.

COMMODITY PROGRAMS

COMMODITY CREDIT CORPORATION (CCC)

Commodity price support programs are financed through the Commodity Credit Corporation (CCC). The CCC borrows funds from the U.S. Treasury and repays these borrowings, with interest, from receipts and from appropriations provided by Congress. The CCC's outstanding borrowings from the Treasury may not exceed \$30.0 billion. The outlays for any fiscal year generally relate to the previous crop year; i.e., fiscal year 1990 outlays primarily relate to the 1989 crop year, and fiscal year 1991 outlays largely relate to the 1990 crop.

CCC net outlays are difficult to predict accurately since they are heavily affected by weather and other uncertain events during the nearly two-year period after the preparation of the initial January budget estimate and the completion of the budget year's activities. The historical patterns indicate that the initial estimates should be viewed as subject to significant uncertainty. The accuracy of subsequent estimates improves substantially as information about the weather and other variables becomes available.

CCC Program Costs. Outlays for the farm price and income support programs carried out by the CCC for crop years 1989 and 1990 reflect the provisions of the Food Security Act of 1985, the Omnibus Budget Reconciliation Acts of 1987 and 1989, and the Disaster Assistance Acts of 1988 and 1989. In the case of the 1991 through 1995 crops, the provisions of the 1985 Act as they applied in 1990 are assumed still to be in effect, even though, in reality, the 1985 Act applies only through the 1990 crops.

The Disaster Assistance Act of 1989 was signed on August 14, 1989, and extends crop disaster payment assistance to farmers whose crop losses exceed certain levels specified in the Act. At the time the legislation was enacted, the cost of this program was estimated at approximately \$900.0 million, three-fourths of which is expected to go to producers of program crops. These payments are being made in generic certificates, which may be exchanged for any CCC-owned commodity or may be exchanged for cash by the original holder.

The Omnibus Budget Reconciliation Act of 1989 reduced projected CCC outlays primarily through a combination of lower 1990-crop deficiency payments and increased flexibility in the use of base acreage. These provisions are expected to reduce fiscal year 1990 outlays by over \$400.0 million. As part of the savings from the Reconciliation Act, a sequester of CCC spending in the amount of 1.4 percent will be effected for 1990 crops. Implementation of this sequester will result in savings of about \$150.0 million. All crop loans and crop-based payments in cash to farmers will be reduced by 1.4 percent. An assessment of 6.3 cents per hundredweight will be collected on all milk marketed during the month of January, 1990, in furtherance of this provision of the Act.

Net CCC outlays for price support and related activities in fiscal year 1989 totalled \$10.5 billion, mostly for the 1988-crop programs. This level of spending was down \$2.0 billion from the \$12.5 billion spent in fiscal year

COMMODITY PROGRAMS

1988 and down over \$15.0 billion from the record outlay level of \$25.8 billion in fiscal year 1986. The 1985 Act has played a significant role in reducing outlays for CCC programs by making American farm products more competitive.

Fiscal year 1989 and fiscal year 1990 outlays were also affected by weather conditions. A severe drought struck the Corn Belt in 1988 reducing the corn crop by 30 percent from the 1987 level, erasing over half of the surplus carryover stocks, increasing the average farm price by 60 cents (30 percent) per bushel and reducing corn program costs by over \$5.0 billion. In 1989, a drought struck the Plains, reducing yields on winter and spring-seeded crops. Primarily for these reasons, total CCC net outlays in fiscal year 1990 are projected at \$8.2 billion, down \$2.3 billion from fiscal year 1989.

For fiscal year 1991, net outlays in the current law baseline are projected at \$11.7 billion, an increase of \$3.5 billion from the fiscal year 1990 level. In the absence of legislation covering the 1991 crop, the current law estimates assume target prices which are the same as those in effect for 1990 crops. The higher outlay estimate for fiscal year 1991 is the result of the combined effect of these "frozen" target prices and higher levels of production because the budget assumes "normal" weather.

In order to help reduce the Federal deficit, the budget proposes a reduction in fiscal year 1991 outlays of \$1.5 billion from this \$11.7 billion estimate. Program changes to achieve this reduction will be developed through the legislative process.

Program Level. Net outlay figures show only a partial picture of the price support activity that has occurred during the year, because program assistance levels are offset by receipts due to repayments of loans by producers and commodity sales from CCC inventories. Program level shows total assistance provided through CCC programs. The program level for CCC domestic programs is projected at \$15.1 billion for fiscal year 1990 and \$18.8 billion for fiscal year 1991. The following tables provide more information on CCC estimates for fiscal year 1990 and fiscal year 1991.

COMMODITY PROGRAMS

Analysis of CCC Program and Outlay Levels (Dollars in Millions)

Program	Program Levels		Net Outlays	
	FY 1990	FY 1991	FY 1990	FY 1991
Domestic Programs:				
Price Support Loans	\$6,633	\$7,262	\$431	\$704
Direct Payments	4,703	8,557	4,703	8,557
Purchases and Sales	832	894	-87	238
Producer Storage Payments ...	127	70	127	70
Processing, Storage, and Transportation	465	490	465	490
Operating Expense	628	635	626	633
Interest Expenditure	924	583	609	262
Disaster Assistance <u>a/</u>	96	0	96	0
All Other	667	262	1,103	718
Subtotal	15,075	18,753	8,073	11,672
Export Programs:				
Export Credits:				
Export Credit Guarantees ..	5,500	5,500	129	105
Direct Loans	0	0	-35	-46
General Sales Manager	7	8	7	8
Subtotal	5,507	5,508	101	67
Subtotal, CCC Current Law .	20,582	24,261	8,174	11,739
Budget Savings	0	0	0	-1,500
Total, CCC Programs	\$20,582	\$24,261	\$8,174	\$10,239

a/ Includes \$6.0 million for crop disaster payments under the Disaster Assistance Act of 1988, and \$90.0 million for livestock feed assistance. Excludes about \$900.0 million in projected disaster benefits under the Disaster Assistance Act of 1989, to be paid in generic certificates. Outlays arising from the issuance of these certificates are recorded in the commodity programs.

COMMODITY PROGRAMS

CCC Net Program Outlays by Commodity (Dollars in Millions)

Commodity	Fiscal Years				
	1987	1988	1989	1990	1991
Feed Grains	\$13,967	\$9,053	\$3,384	\$4,270	\$6,099
Wheat	2,836	678	53	522	2,061
Rice	906	128	631	616	673
Cotton, Upland	1,786	666	1,461	-242	710
Tobacco	-346	-453	-367	-307	-138
Dairy	1,166	1,295	679	483	617
Soybeans	-476	-1,676	-86	236	52
Honey	73	100	42	69	44
Wool	152	131	93	121	120
Disaster Assistance	0	0	3,919 <u>a/</u>	96 <u>b/</u>	0
Other	2,344	2,539	714	2,310	1,501
Subtotal, Current Law ...	22,408	12,461	10,523	8,174	11,739
Budget Savings	0	0	0	0	-1,500
Total	<u>\$22,408</u>	<u>\$12,461</u>	<u>\$10,523</u>	<u>\$8,174</u>	<u>\$10,239</u>

a/ Includes \$3.4 billion for crop disaster payments made in cash under the Disaster Assistance Act of 1988 and \$0.5 billion for livestock feed assistance.

b/ Includes \$90.0 million for livestock assistance and \$6.0 million for crop disaster payments under the Disaster Assistance Act of 1988. About \$900.0 million in benefits to farmers under the Disaster Assistance Act of 1989 are being paid in generic certificates and are not counted directly as disaster assistance outlays. Instead, outlays arising from the issuance of certificates are recorded in the individual commodity programs.

INTERNATIONAL PROGRAMS

INTERNATIONAL PROGRAMS

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Export Credit:			
Short-term Guarantees (GSM-102)	\$4,769.8	\$5,000.0	\$5,000.0
Intermediate-term Guarantees (GSM-103)	425.5	500.0	500.0
Export Enhancement Program	338.3	566.0	900.0
General Sales Manager	7.2	7.4	8.1
P.L. 480	1,466.5	1,521.6	1,463.0
Foreign Agricultural Service	95.1	101.3	103.5
Targeted Export Assistance	200.0	200.0	200.0
Office of International Cooperation and Development	37.6	52.8	50.8
Total, International Programs	<u>\$7,340.0</u>	<u>\$7,949.1</u>	<u>\$8,225.4</u>

COMMERCIAL EXPORT PROGRAMS

The Department carries out a variety of commercial export programs under authority provided by the CCC Charter Act. The most important of these include the export credit guarantee programs and the Export Enhancement Program (EEP). These programs are administered by the Office of the General Sales Manager (OGSM).

Under the export credit programs, guarantees are provided by CCC for the repayment of commercial credit extended by private banks to finance U.S. agricultural exports. The GSM-102 program provides guarantees on credit with short-term repayment terms (6 months to 3 years), while the GSM-103 program provides intermediate-term credit guarantees (3 to 10-year repayment terms). During 1991, \$5.0 billion of GSM-102 and \$500.0 million of GSM-103 export credit guarantees will be made available. These levels are unchanged from 1990.

Under the EEP, CCC commodity certificates are made available to U.S. exporters as bonuses to enable them to be price competitive in targeted overseas markets where competitor countries are making subsidized sales of agricultural commodities. The program serves to further U.S. trade policy strategy and objectives. Budget assumptions for CCC anticipate that as much as \$900.0 million of CCC commodity certificates could be made

INTERNATIONAL PROGRAMS

available as EEP bonuses during 1991. This is an increase of \$334.0 million over the 1990 program level for EEP which has been limited by Congressional action.

The budget proposes a program level of \$8.1 million for OGSM, which is funded by a transfer from CCC. This proposal will provide for an increase in OGSM staffing during 1991 to improve administration and oversight of the Department's commercial export programs.

P.L. 480 FOOD AID PROGRAMS

Program Level
1990 Current Estimate and 1991 Budget

	<u>Titles I/III</u>		<u>Title II</u>		<u>Total</u>	
	1990	1991	1990	1991	1990	1991
Program Level						
Dollars (Millions) ..	\$849.0	\$817.0	\$672.6	\$646.0	\$1,521.6	\$1,463.0
Commodities (Million Metric Tons)	4.0	4.4	1.9	2.0	5.9	6.4

The P.L. 480 program provides foreign food assistance in a number of different ways. Title I provides for sales of U.S. agricultural commodities through long-term concessional CCC financing and for sales for foreign currencies. In the latter case, the foreign currencies received through sales are loaned by the United States to support the development of private enterprise institutions within the recipient countries. Title II of P.L. 480 provides for the donation of agricultural commodities for distribution overseas by recipient country governments, private voluntary agencies, and international organizations, primarily the World Food Program. The donated commodities are furnished to developing countries to meet famine or other emergency relief needs and to combat malnutrition. Title III, which is financed with Title I funds, provides for multi-year program commitments and loan forgiveness to countries which undertake specific agricultural and rural development projects.

Titles I and III of P.L. 480 are primarily administered by OGSM, while the administration of the Title II program is shared by the Agency for International Development (AID), OGSM, and ASCS.

For P.L. 480 food assistance, a program level of \$1,463.0 million is proposed for 1991. While this represents a decrease in program funding from the 1990 level, total commodity shipments are expected to increase by approximately 500,000 metric tons as a result of lower commodity prices projected for 1991. Total P.L. 480 commodity assistance is expected to reach 6.4 million metric tons, although actual tonnages shipped will depend upon commodity prices and shipping costs during 1991.

INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE (FAS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Foreign Agricultural Affairs	\$27.5	\$31.8	\$33.2
Foreign Market Information and Access	14.6	15.8	16.0
Foreign Market Development	53.0	53.7	54.3
Total, FAS	<u>\$95.1</u>	<u>\$101.3</u>	<u>\$103.5</u>

The Foreign Agricultural Service has primary responsibility for the expansion and maintenance of foreign export markets for U.S. agricultural products. Functions of the agency include collection of foreign market information regarding agricultural production and trade, development of foreign markets for U.S. agricultural products, and representation of U.S. agricultural interests abroad.

A program level of \$103.5 million is proposed for FAS, an increase of \$2.2 million above the 1990 level. The requested increase in funding will help to meet higher operating costs projected for the agency's overseas offices. To carry out its reporting, representation, and market development activities, FAS maintains 60 counselor and attache posts, located in U.S. embassies and consulates, and 15 Agricultural Trade Offices which provide market development and trade promotion services. Overseas operating costs are expected to be higher in 1991 as a result of increased wage rates and prices in the countries where the offices are located.

FAS administers a number of foreign market development programs which will be continued during 1991. Among these are the Foreign Market Development Cooperator Program and the Targeted Export Assistance (TEA) Program. The 1991 budget assumptions for CCC anticipate a continuation of the TEA Program at a level of \$200.0 million, unchanged from 1990.

INTERNATIONAL PROGRAMS

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT (OICD)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
International Scientific and Technical Cooperation	\$3.5	\$3.6	\$3.9
International Agricultural Development	1.8	1.9	0.5
Operation FAST	0.0	0.5	0.5
Foreign Currency Research Program	1.0	0.9	0.0
Trust Funds	2.9	3.9	3.9
Subtotal Direct Programs	9.2	10.8	8.8
Reimbursements from AID and Other Organizations	28.4	42.0	42.0
Total, OICD	<u>\$37.6</u>	<u>\$52.8</u>	<u>\$50.8</u>

The Office of International Cooperation and Development is responsible for cooperative international research, scientific and technical exchanges and liaison with international agricultural organizations. OICD also directs training and technical assistance efforts in as many as 80 developing countries.

The budget provides a total program level of \$50.8 million for OICD in 1991. Funding will be increased for the agency's Scientific and Technical Exchange program, which supports short-term exchange visits of U.S. and foreign agricultural scientists. The Department maintains scientific exchange programs with approximately 25 countries. The budget also provides continued funding for Operation FAST -- OICD's Financial Accounting and Systems Tracking Plan. This is a multi-year effort to improve the agency's financial management capabilities.

No further funding is proposed for two OICD activities in 1991. The Foreign Currency Research Program, funded at \$875 thousand in 1990, is proposed to be phased out due to reduced levels of U.S.-owned foreign currencies. Also, no further funding is proposed for the training program for agricultural students from middle-income countries. During 1990, approximately \$1.5 million is available for this program.

SOIL AND WATER CONSERVATION PROGRAMS

SOIL CONSERVATION SERVICE (SCS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Conservation Technical Assistance	\$386.6	\$396.4	\$424.3
Other Conservation Operations:			
Soil Surveys	68.2	68.1	69.8
Snow Surveys	5.5	5.5	5.6
Plant Materials Centers	5.0	7.2	7.3
Watershed Planning	8.6	8.8	6.9
Watershed and Flood Prevention Operations	172.4	180.9	151.1
River Basin Surveys and Investigations	12.0	12.3	10.4
Great Plains Conservation Program	20.5	20.9	24.6
Resource Conservation and Development	25.1	27.3	24.9
Trust Funds	0.6	0.6	0.6
 Total, SCS	 \$704.5	 \$728.0	 \$725.4

The budget proposes \$725.4 million and 13,821 staff-years for the Soil Conservation Service for 1991, about the same level as the 1990 current estimate.

The agency's mission is to improve and conserve soil and water resource quantity and quality, improve agriculture, and reduce damage caused by floods and sedimentation. SCS provides technical assistance through soil conservation districts to land users, communities, watershed groups, Federal and State agencies, and other cooperators with erosion control and water management problems. In addition, SCS provides cost-sharing financial assistance through the Watershed and Flood Prevention Operations, Great Plains Conservation, and Resource Conservation and Development programs.

For 1991, SCS will continue to place top priority on implementing the conservation provisions of the Food Security Act (FSA) of 1985, and will support stated Administration goals for enhancing water quality and preserving wetlands.

Conservation Technical Assistance

The budget proposes \$44.1 million for technical assistance on water quality. Implementation of the Administration's water quality initiative is progressing on schedule. The water quality initiative began with an endorsement by Congress in 1990, and will continue in 1991. Technical

SOIL AND WATER CONSERVATION PROGRAMS

assistance and education programs will be offered by SCS and the Extension Service through ongoing programs and concentrated efforts targeted to specific sites with known water quality programs (page 18).

The budget proposes to continue funding for wetland determinations and inventories on those wetlands with a high potential risk for conversion to cropland. These lands are subject to the swampbuster provision of the FSA which denies certain USDA program benefits to persons who convert wetlands after December 23, 1985. The FSA requires that a wetland determination be conducted on those farms that participate in USDA programs to determine wetland status relative to current and future eligibility for USDA program participation. SCS has accelerated the pace for conducting these determinations in response to producer concerns about how the FSA affects them.

In most cases, determinations are based on the SCS wetland inventory which is being conducted by a specially trained team and is done on a county by county basis primarily in those areas where there are large numbers of USDA program participants. However, in those instances in which a USDA program participant is located in a county that has not been inventoried, a wetland determination is done on an individual farm basis.

A goal of December 31, 1991, has been established for completing all required wetland determinations and the Department is on schedule for meeting this target date. Wetland inventories are currently underway in 45 States with approximately 940 counties scheduled for completion by the end of 1990. The budget proposes to fund wetland inventories in an additional 900 counties in 1991 with inventories projected to be completed in 1,840 counties by the end of 1992.

Other Conservation Operations

Funding for soil surveys, snow surveys, and plant materials centers will continue at the 1990 current estimate level. Soil surveys are made to inventory the Nation's basic soil resources and to determine land capabilities and conservation treatment needs. Soils mapping priority will return in 1991 to the completion of ongoing project soil surveys delayed since 1987 by the need to provide soils data on unmapped highly erodible lands impacted by the conservation requirements of the FSA.

Under its Snow Surveys and Water Forecasting program, SCS collects basic data to provide estimates of annual water availability from high mountain snow packs and relates this to summer stream flow in the western states and Alaska. Information is used by agriculture, industry, and cities in estimating future water supplies.

The purpose of SCS's Plant Materials Centers (PMC's) is to assemble, test, and encourage increased use of plant species which show promise for use in the treatment of conservation problem areas. Twenty-two PMC's are operated by SCS and four by cooperating agencies.

SOIL AND WATER CONSERVATION PROGRAMS

Watershed Planning

SCS makes preliminary investigations to assess proposed small watershed projects in response to requests made by sponsoring local organizations, and provides assistance to sponsors in the development of watershed work plans.

The budget proposes \$6.9 million for Watershed Planning to continue funding the 88 plans that are already underway, plans that are related to high priority projects, and plans that address national environmental concerns. Funding for non-priority projects is not provided. About 25 new planning projects would be initiated in 1991 from about 261 viable applications available for new planning starts. Plan completions in 1991 would be reduced to 20, or about two-thirds of the 1990 level.

Watershed Protection and Flood Prevention Operations

The budget proposes \$151.1 million in watershed construction to continue work already underway at the beginning of 1991. SCS will continue to emphasize non-structural land treatment measures, as well as other programmatic activities that: 1) minimize the number of active construction projects, 2) lower the Federal cost-share portion of planning and operations, and 3) increase the number of cost-effective environmentally sensitive projects. For emergency watershed protection operations, funding would enable completion of contracts signed in prior years, as well as provide an immediate response capability to life-threatening watershed emergencies that arise during 1991. Ten new construction starts under Small Watershed Operations are scheduled for 1991, compared to 20 in 1990.

Legislation will be submitted to require: 1) cost-sharing for flood control purposes, similar to other government water programs; and 2) that a minimum of at least 20 percent of the benefits of each project be devoted to agriculture or rural communities.

River Basin Surveys and Investigations

SCS cooperates with other Federal, State, and local agencies in making investigations and surveys of river basins as a basis for the development of coordinated water resource programs. Reports of the investigations and surveys serve as guides for the development of water, land, and related resources in agricultural, rural, and upstream watershed settings.

The budget will continue the current trend of reducing the size and scope of studies done in cooperation with state and local sponsors. Funding will be continued for studies addressing highest priority resource problems and for studies where non-Federal sponsors have made the financial commitment to totally implement plans resulting from program studies. The budget does not include funding for any new studies.

SOIL AND WATER CONSERVATION PROGRAMS

Great Plains Conservation Program (GPCP)

The objective of the Great Plains Conservation Program is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the ten Great Plains States. SCS participates in cost-sharing of permanent conservation practices under long-term contracts with farmers and ranchers in designated counties in the Great Plains. Through cost-sharing and technical assistance, SCS helps make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules.

The budget provides \$24.6 million for this program in 1991, which will enable SCS to increase the number of new GPCP contracts by 14 percent.

Resource Conservation and Development (RC&D)

The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves the coordination systems used in rural communities to effectively utilize available Federal, State, and local programs.

The budget recommends \$24.9 million which will provide RC&D area coordinators for a total of 196 RC&D areas, an increase of six above the 1989 level and two above the 1990 level. This increase would become possible as funding for RC&D financially assisted measures decrease. Local sponsors would assume greater responsibility for securing other than RC&D funding for project measures.

SOIL AND WATER CONSERVATION PROGRAMS

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (ASCS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Conservation Reserve Program	\$1,372.2	\$1,765.3	\$2,253.6
Agricultural Conservation Program	176.9	182.4	176.0
Colorado River Basin Salinity Control Program	5.5	10.3	14.8
Water Bank Program	9.0	12.2	12.8
Forestry Incentives Program	12.4	12.4	12.4
Emergency Conservation Program	5.0	9.9	0.0
Dairy Indemnity Program	a/	a/	a/
Salaries and Expenses (Transfer from CCC)	619.0	623.7	630.4
Total, ASCS	\$2,200.0	\$2,616.2	\$3,100.0

a/ Less than \$0.5 million

The Agricultural Stabilization and Conservation Service (ASCS) administers a variety of commodity and land-use programs aimed at supporting farm prices, adjusting farm production, conserving natural resources, and protecting the environment at the local level. ASCS's responsibilities also include management and operation of the Commodity Credit Corporation (CCC). The funds needed to administer these programs are provided by a transfer from CCC.

Conservation Reserve Program (CRP). The purpose of this cost-share program is to establish permanent cover on highly erodible cropland. The program level of \$2,253.6 million proposed for 1991 will be used to make rental payments on contracts signed through crop year 1990 (\$2,061.7 million) and for the Federal share of cover costs that need to be met on these contracts (\$191.9 million). The 1990 program level includes amounts sufficient to enroll the 40 million acres mandated by the Food Security Act of 1985.

Through the ninth signup, the Department has enrolled approximately 34 million acres of highly erodible or environmentally sensitive cropland. Annual soil erosion savings of approximately 678 million tons are expected to result when the land is in permanent cover. About 2.2 million acres of trees have been planted, making CRP one of the largest publicly sponsored tree-planting programs in the Nation's history. Moreover, the existing contracts represent a reduction of more than 21 million price supported commodity acres which will yield significant, long-term CCC savings.

SOIL AND WATER CONSERVATION PROGRAMS

Agricultural Conservation Program (ACP). This cost-share program is a joint effort of the Department and landowners to restore and protect basic land and water resources. Funding for ACP cost-sharing activities is proposed at \$176.0 million, of which \$14.1 million will fund special water quality projects in support of the governmentwide water quality initiative.

Colorado River Basin Salinity Control Program. This program provides cost-share assistance to landowners and others in the Colorado River Basin to enhance the supply and quality of water in the Colorado River. By reducing the salt load for downstream users, this program supports the governmentwide water quality initiative. The proposed program level of \$14.8 million will fund six existing projects and three additional projects.

Water Bank Program. The purpose of this program is to conserve water, preserve, maintain, and improve migratory waterfowl habitat and other wildlife resources and secure other environmental benefits through long-term land use agreements. The President's budget proposes to authorize program participants to receive a one-time payment in exchange for a permanent easement or to continue to participate in ten-year agreements. Participants may choose either option within the program level of \$12.8 million proposed for 1991.

Forestry Incentives Program. Under the Forestry Incentives Program (FIP), USDA cost-shares up to 65 percent of the cost of eligible tree planting and timberstand improvement practices on commercial forestland that is under non-industrial, private ownership. These lands make up about 57 percent of the Nation's commercial forestland and provide half of the Nation's timber products each year. The cost-share rate is set by the ASC Committee in each State and county in consultation with the State forester or equivalent State official.

Eligible landowners request assistance through an ASCS county office and have the option of entering into an annual or a long-term agreement (3 to 10 years). The State forester then develops a forestry management plan for the property, provides technical advice and helps find approved contractors, if necessary, to do the work. The Forest Service also provides technical assistance to the landowner.

The 1991 budget proposes a program level of \$12.4 million for FIP which will provide tree planting on about 159 thousand acres and timberstand improvement on about 34 thousand acres. By encouraging tree planting and improving timberstand management, this program's goals are consistent with the Administration's America the Beautiful initiative.

The Emergency Conservation Program provides cost-sharing to rehabilitate disaster impacted farmland. Future emergency needs cannot be predicted and will be addressed as necessary.

The Dairy Indemnity Program makes indemnification payments to dairy farmers and manufacturers of dairy products who are required to remove their products from the market because of the presence of chemical residues.

SOIL AND WATER CONSERVATION PROGRAMS

Sufficient carryover funds are available, therefore, no additional funding is requested for 1991.

For 1991, funds for Salaries and Expenses for ASCS are estimated at \$630.4 million, an increase of \$6.7 million above the 1990 level. The proposed increase is mostly to cover increased salary costs. The Food Security Act of 1985, the Omnibus Budget Reconciliation Acts of 1987 and 1989, the Disaster Assistance Acts of 1988 and 1989, and the 1990 Farm Bill will continue to influence, in a significant manner, how ASCS utilizes its resources to accomplish its many mandated activities.

FOREST SERVICE

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Management of the National Forest System			
Timber Related Programs:			
Costs Associated with Prior Sales:			
Harvest Administration	\$57.6	\$66.2	\$77.6
Cooperative Road Maintenance	57.2	64.3	66.5
Reforestation and Brush Disposal	199.1	253.7	255.0
Payments to States (Timber Recpt)	339.1	335.0	335.0
Subtotal	653.0	719.2	734.1
Costs Associated with Current Sales:			
Sales Preparation	262.6	282.7	248.1
Road Construction	122.8	134.4	133.5
Miscellaneous	55.3	55.9	62.0
Subtotal	440.7	473.0	443.6
Discretionary Reforestation	106.2	97.5	89.8
Subtotal, Timber Related Programs	1,199.8	1,289.6	1,267.5
Minerals	27.0	27.8	26.6
Range Mgmt & Range Betterment Fund ..	33.6	36.6	41.9
Recreation Mgmt & Construction	212.2	213.7	239.9
Payments to States -- Other Than			
Timber	31.5	27.9	30.6
Forest Fire Protection	162.1	172.1	174.2
Cooperative Law Enforcement	10.6	11.1	17.1
Wildlife & Fish	103.6	92.4	95.0
Soil & Water	61.0	47.7	57.2
Land Acquisition	65.5	65.6	a/
General Administration	272.1	272.3	293.4
Other	258.7	238.8	271.4
Subtotal, Mgmt. Natl. Forest	2,437.7	2,495.8	2,514.8
Forest Research	139.8	149.6	150.2
State and Private Forestry	86.7	104.2	56.6
America the Beautiful:			
Land Acquisition	0	0	88.9
Tree Planting Initiative	0	0	175.0
Subtotal, Controllable Programs ...	2,664.1	2,749.6	2,985.4
Forest Fire Suppression	125.0	123.6	118.7
Total	\$2,789.1	\$2,873.2	\$3,104.1
Timber Sales Volume (BBF)	10.515	10.356	10.564
Timber Harvest Volume (BBF)	11.900	11.500	11.000
Receipts from Timber, Minerals, etc. ..	\$1,515.0	\$1,474.9	\$1,485.8

a/ Funded under America the Beautiful in 1991.

FOREST SERVICE

The National Forest System consists of about 191 million acres of national forests, national grasslands, and land utilization projects in 44 States, Puerto Rico and the Virgin Islands. Managing these lands accounts for the bulk of the FS budget. In addition, the agency conducts research and provides technical assistance and funding to State forestry agencies.

Timber Sales and Related Programs. The National Forests are a major source of supply for the American wood products industry. They provide 13 percent of the total wood volume harvested annually in the United States. Timber activities include the preparation of timber sales, the administration of contracts after the timber is sold, and restoring the areas which are cut over. Other costs are related to road access, location of boundaries, and reforestation areas with needs related to fires or other factors than recent timber harvest. There are also costs associated with the mitigation of damage to other resources such as wildlife and recreation. The greatest single cost is the timber sales receipt-sharing payments to the States for use in financing county roads and schools.

Funding for timber related programs will be \$1,267.5 million in 1991. This is 1.7 percent below the 1990 current estimate, and 40.8 percent of all funding in 1991. Due to a shortfall in one of the funding sources, the 1990 timber sale preparation level will be 10.356 Billion Board Feet (BBF) rather than the 11.129 BBF target shown in the Interior Appropriation Conference Report. The sales preparation level will increase in 1991 to 10.564 BBF. The 1990 sales program also includes a one-time investment in preparation work related to future timber sales. This accounts for some of the decrease in funding in 1991 despite the small increase in sales volume.

The Forest Service budget includes a proposal to test new timber sale preparation activities on 12 national forests in order to eliminate some below-cost timber sales on these forests. These national forests are: Beaverhead, Arapaho, Roosevelt, Pike, San Isabel, White River, Chattahoochee, Cherokee, George Washington, Wayne, Hoosier, and Shawnee. To offset reduced timber sales activity, \$10.0 million in additional recreational funding will be available to expand or improve recreational facilities on these 12 national forests.

America the Beautiful. The 1991 budget proposes significant increases in funding for a number of natural resources activities under the umbrella of "America the Beautiful." The initiative involves a number of Department of the Interior programs as well as those of the Department of Agriculture, and recognizes the need to improve public and private land and resource values by increasing fish, wildlife, and recreation opportunities and the timber supply. These investments will help to preserve natural settings and biological diversity, improve air quality, improve water quality and reduce soil erosion, increase economic stability and diversity in rural America, and enhance the biological environment of urban America.

Beginning in 1991, the budget proposes to fund that part of the land acquisition program financed by the Land and Water Conservation Fund (\$88.9 million) as part of America the Beautiful. Lands and interests are

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acquired within areas of the National Forest System for public outdoor recreation purposes.

The goal of the \$175.0 million tree planting initiative is to achieve the planting of trees on over one million acres of private land; timber stand improvement and other stewardship activities on an additional 180,000 acres; and the creation of a community tree improvement program to achieve the planting of 30 million trees per year in local parks and neighborhoods.

Recreation. The national forests record more recreation visitor use than any other Federal lands. The number of visitor days are estimated at 250 million in 1991, an increase of 5 million over the 1990 estimate. The national forests include nearly 80 percent of the wilderness system outside the State of Alaska. Developed facilities include more than 4,400 campgrounds and 1,400 picnic grounds. There are also many valuable historic and prehistoric cultural resources which need to be evaluated and protected. Recreation funding of \$239.9 million in 1991 is a 12.3 percent increase over the 1990 current estimate, the same as the average percentage increase in recreation funding since 1986. This sustained increase in real funding reflects the high priority of this program.

Forest Research. The 1991 budget of \$150.2 million is essentially the same as the 1990 current estimate. Several high priority issues have been identified for intensive work:

- o Global Climate Change. Predicted global climatic changes will significantly affect the productivity, health, and diversity of forest ecosystems worldwide. Sound forest management practices will be critical for slowing the predicted change and for reducing the environmental, economic, and social impacts brought about by global change.
- o Water Quality. Forests comprise one-third of the Nation's land surface yet produce 60 percent of the total streamflow. Water quality concerns vary greatly throughout the Nation, and cover a broader array of issues than the Water Quality Initiative described on page 18 which deals with the effects of agricultural chemicals on groundwater. For example, there are concerns over effects of mining, pest epidemics, atmospheric deposition, and increased timber harvesting and fire.
- o Threatened and Endangered Species. The protection and recovery of threatened, endangered, and sensitive species is among the most urgent challenges in the stewardship of our natural resources. Conserving biological diversity and protecting viable populations of plants and animals may conflict with producing a consistent flow of forest products and other expected outputs from lands allocated to multiple uses. Increased demands on public lands are intensifying these conflicts.

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- o Rural Development. Many primary wood processing and secondary product conversion facilities are located near wood supplies in rural America. Diversifying the markets for finished wood products may stimulate future growth in rural areas dependent on forest products.
- o Catastrophic Wildfires. Fire is a natural part of most of our wildland ecosystems; in fact, it is necessary for their continued health and vitality, but where multiple resource and socio-economic values exist, it must be managed to avoid catastrophic results.
- o Southern Forest Productivity. The 182 million acres of forest land in the 13 southern States from Virginia to Texas comprise one of the Nation's greatest resources. Timber products represent the south's most valuable cash crop, and tourism, outdoor recreation, and retirement values have contributed significantly to the region's economic growth. These lands are near their limit of productive capability with the technology supporting today's management. The Southern forest resource can continue to provide for increasing demands only if it is managed with ever increasing technical expertise.

State and Private Forestry. The 1991 budget of \$56.6 million is \$47.6 million below the current estimate. Cooperative pest suppression on most private lands would be terminated, and cooperative fire protection will be reduced to a core program of specialized technical assistance to the States.

SMALL COMMUNITY AND RURAL DEVELOPMENT

RURAL DEVELOPMENT ASSISTANCE AND SERVICES

In June 1989 a task force issued a report which will provide a basis for implementing USDA's rural development programs. Further, the Department will emphasize coordination with other Federal programs. Many of the Department's agencies focus on rural development and assistance to rural areas. In this context, the Department continues to support the development of rural economies by providing about \$8.0 billion for basic, essential community facilities, equipment and services in 1990 and 1991. Housing and community facility loans, financial and technical assistance, research, conservation and forestry activities will continue to provide rural communities opportunities to stabilize and expand their economies.

FARMERS HOME ADMINISTRATION (FmHA)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Farm Programs	\$2,232	\$4,213	\$3,365
Rural Housing Programs	2,173	2,269	2,116
Rural Development Programs	674	955	646
Salaries and Expenses	521	565	602
Total, FmHA	<u>\$5,600</u>	<u>\$8,002</u>	<u>\$6,729</u>

The Farmers Home Administration (FmHA) administers a broad range of loan and grant programs authorized principally by the Consolidated Farm and Rural Development Act and Title V of the Housing Act of 1949. Included are programs for farm credit, rural development and rural housing.

The 1991 budget continues the policy of shifting from direct to guaranteed loans for farm lending. Guaranteed loans have exceeded direct loans since 1987 and even more emphasis on guaranteed lending is planned for 1990 and 1991. A rural development guaranteed loan program will be initiated in 1990 and continued in 1991. The housing programs in the 1991 budget include a mix of direct and guaranteed loans and a voucher program. A portion of the guaranteed loans in the farm and housing programs will be subsidized. This important new initiative will encourage private sector guaranteed lending and provide more opportunity for borrowers who cannot afford commercial interest rates to qualify for such loans.

A stronger emphasis on guaranteed loans, together with an interest subsidy for a portion of the guaranteed loans, will stimulate private lending in rural areas. This not only improves the market orientation of government-assisted credit supplied to rural areas, it also relieves FmHA personnel from a portion of the loanmaking and loan servicing responsibility, freeing them to work on other policy initiatives such as improving the loan servicing on direct loan accounts.

SMALL COMMUNITY AND RURAL DEVELOPMENT

Farm Programs

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Agricultural Credit Insurance Fund			
Loan Levels:			
Farm Operating:			
Guaranteed-Unsubsidized	\$879	\$2,316	\$2,250
Guaranteed-Subsidized	0	0	350
Direct	856	932	500
Subtotal	1,735	3,248	3,100
Farm Ownership:			
Guaranteed-Unsubsidized	305	719	100
Guaranteed-Subsidized	0	0	50
Direct	95	80	38
Indian Land Acquisition	0	1	0
Direct Soil and Water	6	6	0
Guaranteed Soil and Water	0	1	0
Subtotal	406	807	188
Emergency Disaster Loans	73	100	25
Soil Conservation Service:			
Watershed and Flood Prevention .	0	4	0
Resource Conservation Development	0	1	0
Subtotal	0	5	0
State Mediation Grants	3	3	2
Interest Rate Buy-down	15	50	50
Total	\$2,232	\$4,213	\$3,365

The FmHA farm credit budget provides for a total program level of \$3.4 billion in 1991, an increase of about 50 percent over actual obligations in 1989. Budget initiatives will help the agency return to its original objective of supervised temporary credit. Wherever possible, new borrowers will be assisted through guaranteed rather than direct loans, and existing borrowers will be graduated to private sector credit using a guarantee where necessary. This shift will allow FmHA to provide more intense supervision to those borrowers who can only be reached by direct loans. The following initiatives are proposed:

- o The shift from direct lending to private lending guaranteed by FmHA would be encouraged with a new interest subsidy program for guaranteed loans. The interest subsidy is estimated to average 3 percent and would allow reductions in the interest rate on a

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guaranteed loan down to the rate on a regular direct loan, if necessary, in order for the borrower to cashflow. A total of \$400.0 million in guaranteed loans would be eligible for the interest subsidy program.

- o To help the agency return to its intended objective of providing credit to family farmers temporarily unable to get credit elsewhere, legislation will be proposed to limit direct loan eligibility to seven years. After seven years the borrower would only be eligible for assistance under the guaranteed loan program.
- o The Department will continue its "Operation Assist" effort to get local banks in all states to use FmHA guarantees for borrowers who can cashflow at commercial rates but are unable to obtain credit without assistance. Under this program FmHA staff will continue to work with borrowers and local banks to prepare the borrower's application and help secure commercial credit guaranteed by FmHA.

A total of \$2.6 billion in guaranteed operating loans would be available in 1991, including \$350.0 million in subsidized guarantees. This compares to a total of less than \$900.0 million in guaranteed operating loans used in 1989. Direct operating loans would be funded at \$500.0 million in 1991. The budget proposes \$150.0 million in guaranteed ownership loans, including \$50.0 million in subsidized guarantees. Direct ownership loans are proposed at \$25.0 million in 1991. In addition, \$13.0 million will be carried over from 1990 as authorized in the 1990 appropriations language.

Emergency disaster loans are reduced from the current estimate of \$100.0 million in 1990 to \$25.0 million in 1991. The proposed program level is expected to be consistent with the demand for such loans. Only \$73.0 million in emergency loans were obligated in 1989 for producers with losses due to the 1988 drought.

FmHA will continue to work with delinquent borrowers under provisions of the Agricultural Credit Act of 1987. These provisions allow for the write-down of debt to the recovery value of collateral, if necessary, for the delinquent borrower to show a positive cash flow. Last year about 75,000 delinquent farm program borrowers were notified of the restructuring provisions of the new legislation. About half of the borrowers notified responded and over 30,000 borrowers have been restructured, have settled debts or brought their accounts current, or have completed buying back the FmHA debt at the discounted net recovery value. Most of the remaining cases are in the final stages -- borrowers are attempting to arrange financing for net recovery buyouts, appeals have been filed, borrowers have filed bankruptcy, or mediation is underway.

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Housing Programs

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Rural Housing Insurance Fund			
Loan Levels:			
Very-Low Income Housing Repair	\$11	\$11	\$11
Single Family Housing:			
Guaranteed-Subsidized	0	0	297
Guaranteed-Unsubsidized	0	0	297
Direct Loans	1,267	1,311	609
Rental Housing	555	572	391
Domestic Farm Labor Housing	11	11	16
Site Development	1	1	0
Subtotal	1,845	1,906	1,621
Self-Help Housing Land Development	1	1	0
Rural Rental Assistance	275	301	270
Rural Housing Grants:			
Farm Labor Housing	9	13	10
Very-Low Income Housing Repair	13	13	10
Mutual and Self-Help Housing	10	15	0
Compensation for Construction			
Defects	1	1	0
Rural Housing Preservation	19	19	15
Rural Housing Voucher Program	0	0	190
Subtotal	52	61	225
Total	<u>\$2,173</u>	<u>\$2,269</u>	<u>\$2,116</u>

FmHA administers several rural housing programs, primarily providing direct loan programs for single-family housing and rental housing, as well as rental assistance to low-income tenants in FmHA rental housing projects. The typical family being served by the single-family housing program has an annual income of about \$12,000. Those served by the rental housing program have incomes of about \$8,000. The interest rate on these types of loans can be subsidized to as low as one percent. The average interest rate paid by single-family housing borrowers is 4 percent.

The rental assistance program is operated in conjunction with the rental housing loan program, the purpose of which is to pay the difference between the 30 percent of income the tenant is required to pay for rent and the rent needed to amortize FmHA's loan. Rental assistance payments are applied after the interest rate on the loan has been subsidized.

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The 1991 budget proposal for housing will provide assistance to about the same number of units as the 1990 program, approximately 66,500. In addition, it encourages private sector lending with a Federal guarantee in rural communities which, in turn, should stimulate more private sector interest in financing housing in these communities and provide for more market orientation in the Federal role. Further, guaranteed loans will be serviced by the lenders, which frees FmHA personnel to devote more attention to improving the servicing of existing direct loans. To encourage guaranteed lending and make such loans accessible to lower-income borrowers, the Administration proposes to subsidize the interest rate on these loans. The Administration strongly supports this subsidy program and proposes to implement it using existing authority.

Low-income single-family housing would be funded at \$1.2 billion, of which \$609.0 million would be available for direct loans, \$297.0 million for subsidized guaranteed loans and \$297.0 million for non-subsidized guaranteed loans. The subsidy on the guaranteed housing loans will range from 3 percent to 8.5 percent and will encourage private sector lending by increasing the number of low-income borrowers qualifying for private sector loans.

Multi-family housing direct loans will be funded at \$391.0 million. In addition, a stronger emphasis would be placed on targeting the assistance to communities with the greatest need for housing assistance.

In addition to \$270.0 million for rental assistance, the budget includes \$190.0 million for a housing voucher program. The vouchers would be used to assist families in areas where there is adequate rental housing stock available, whereas rental assistance will be used to assist families in FmHA financed rental housing projects. The budget also proposes to continue most of the smaller housing programs at current program levels.

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Community Programs

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Rural Development Insurance Fund			
Loan Levels:			
Water/Sewer Disposal Loans:			
Direct	\$333	\$350	\$300
Guaranteed-Unsubsidized	0	75	50
Community Facility Loans:			
Direct	96	94	46
Guaranteed-Unsubsidized	0	24	50
Business/Industrial Guarantees .	96	95	0
Disaster Loans (prior years) .	3	70	70
Subtotal	528	708	516
Rural Development Loan Fund	14	19	30
Rural Development Grants:			
Water & Waste Disposal	123	209	100
Rural Development	6	16	0
Rural Community Fire Protection	3	3	0
Subtotal	132	228	100
Total	\$674	\$955	\$646

For water and sewer facilities, the 1991 budget includes \$300.0 million in direct loans, \$100.0 million in grants, and \$50.0 million in guaranteed loans. Guaranteed loans would be available to the more financially secure communities that can obtain credit from private lenders with minimal Federal assistance. Direct loans and grant assistance will be targeted to the more financially needy communities requiring such assistance. The purpose of the grants is to reduce the per household cost of a water or waste disposal loan to an affordable level. Low-income communities have difficulty in repaying FmHA loans without the grant assistance.

For other essential community facilities, the budget includes \$46.0 million in direct loans and \$50.0 million in guaranteed loans. One of the highest priorities of the community facilities program is health care, i.e., hospitals, health clinics, and nursing clinics. Many of these facilities can qualify for commercial credit with minimal assistance in the form of a loan guarantee. Direct loans will be targeted to those areas most in need of financial assistance. Lending through the Rural Development Loan Fund would be increased from \$19.0 million in 1990 to \$30.0 million in 1991. The Business and Industrial Loan Guarantee Program would be terminated; however, under authority of the Disaster Assistance Acts of 1988 and 1989, \$70.0 million is available in 1991. In addition, similar loan assistance for business and industrial activities would continue to be available through the Small Business Administration.

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RURAL ELECTRIFICATION ADMINISTRATION (REA)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Private Sector Guaranteed Loans:			
Electric	0	0	\$1,100
Telephone	0	0	0
Rural Telephone Bank	0	0	200
Subtotal	0	0	1,300
Direct Loans:			
Electric:			
REA	\$622	\$622	200
Federal Financing Bank	40	813	0
Telephone:			
REA	214	239	0
Federal Financing Bank	0	120	0
Rural Telephone Bank	177	177	125
Rural Economic Development	2	5	0
Subtotal, Direct Loans	1,055	1,976	325
Subtotal, Lending	1,055	1,976	1,625
Salaries and Expenses	31	31	33
Total	\$1,086	\$2,007	\$1,658

The 1991 budget continues to promote the shift from direct to guaranteed private sector loans. To serve as a safety net, \$200.0 million of direct electric loan authority is proposed for 1991 with a gradual phase-out of direct loans over a five-year period. Direct loans at five percent interest will be available to borrowers demonstrating financial need.

Legislation will be proposed to:

- o Provide authority for guarantees of private sector loans for electric distribution (\$400.0 million) and power supply borrowers (\$700.0 million). The legislation will also limit guarantees to 90 percent for power supply loans and 70 percent for electric distribution loans.
- o Provide authority for loan guarantees to be made by the Rural Telephone Bank (RTB). The RTB will then provide all telephone loans made by REA.
- o Increase the interest rate on direct Rural Telephone Bank loans. By increasing the interest rate charged borrowers to the actual cost of borrowing to REA, sufficient equity would be accumulated

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in the Bank to repurchase 51 percent of outstanding Class A Stock in 1996 as provided by law. Once 51 percent of Class A stock is redeemed, the RTB would no longer be an agency of the U.S. Government but would be majority-owned by its borrowers.

- o Charge an origination fee of 1 percent on loan guarantees. The origination fee will increase by one-half of one percent each year, reaching 3 percent in 1995.

FEDERAL CROP INSURANCE CORPORATION (FCIC)

Program Level (Dollars in Millions)

Fiscal Year Indicators	1989 Estimate	1990 Current Estimate	1991 Budget	
			Current Law	Proposed Law
Program Level:				
Operating Expenses	\$348	\$300	\$314	\$73
Indemnities	1,321	998	1,013	98
Total, Program Level	<u>\$1,669</u>	<u>\$1,298</u>	<u>\$1,327</u>	<u>\$171</u>
Total Outlays	\$1,103	\$1,181	\$811	\$430
Total Appropriations	314	386	601	73
Transfers from CCC	400	150	300	50
Total Premium	\$800	\$650	\$677	0
Loss Ratio	1.70	1.50	1.50	0
Insured Acres (millions)	100	81	81	0

The Administration will propose legislation to terminate the current crop insurance program effective with the 1991 crop year. The program has not been able to provide adequate risk protection for farmers at a reasonable cost to taxpayers. Further, ad hoc disaster legislation was enacted in both 1988 and 1989. The Administration will work closely with Congress to fashion a permanent disaster assistance program which can provide an effective safety net for farmers and ranchers.

The crop insurance program was initiated in 1938. The program was expanded nationwide with enactment of the Federal Crop Insurance Act of 1980. Under the 1980 legislation premium rates were to be set so that over time the subsidized premium would be sufficient to cover indemnity costs. Losses were to be funded through capital stock and borrowing. Since enactment of the legislation, however, excess losses have depleted the capital stock and have required borrowing from Treasury and transfers from the Commodity Credit Corporation.

SMALL COMMUNITY AND RURAL DEVELOPMENT

Further, participation in the program has remained at less than one-third of eligible crop acreage until recently. In 1989, partly in response to the drought in 1988, participation increased to over 40 percent of the eligible acreage. Despite the recent growth in participation, crop insurance has not replaced ad hoc disaster relief legislation. Since 1980 about \$5.0 billion has been spent by the Federal government to subsidize crop insurance, and almost \$8.0 billion has been distributed in disaster aid.

Legislation was enacted in 1988 to establish a commission to review and recommend improvements in the crop insurance program. The final report of the commission was completed in July 1989. The commission's recommendation emphasized expanding coverage but offered few suggestions to resolve the program's excessive losses and high Federal costs.

For 1991, the Department is submitting budget estimates under proposed and existing legislation. Under proposed legislation, the 1991 program level and outlays reflect only carryover obligations from the prior crop year and a small amount of 1991 administrative obligations. Under existing legislation, the 1991 estimates assume continuation of the existing program at about the same level of premium and indemnities as estimated for the 1990 crop year.

Participation in the 1990 crop year under both proposed and existing legislation is estimated to decline somewhat from the record levels achieved in 1989 following the 1988 drought. Total premium is estimated to decline from \$800.0 million in 1989 to \$650.0 million in 1990. Loss ratios, the ratio of indemnities to total premium, are also assumed to improve from 1.70 in 1989 to 1.50 in 1990.

FOOD AND CONSUMER PROGRAMS

FOOD AND NUTRITION SERVICE (FNS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991	
			Current Law	Proposed Law
Food Stamp Program	\$12,859.5	\$14,769.6	\$15,476.7	\$15,406.7
Child Nutrition Programs:				
School Lunch	3,082.3	3,213.9	3,402.6	3,329.5
School Breakfast	513.0	564.4	606.0	606.0
Child and Adult Care Food	668.5	704.9	780.6	499.4
Child Care Audits	8.9	12.0	13.8	13.8
Summer Feeding	146.7	163.3	179.7	179.7
State Administrative Expenses ...	59.8	59.9	64.4	64.4
Commodity Procurement:				
FNS	182.7	217.9	223.7	115.7
Section 32	342.1	350.9	350.9	350.9
Federal Review Initiative	3.8	5.0	5.7	5.7
Nutrition Studies and Surveys ...	2.0	3.0	3.1	3.1
Nutrition Education and Training	5.0	5.0	5.0	5.0
Subtotal	5,014.8	5,300.2	5,635.5	5,173.2
Special Milk Program	19.9	20.9	22.2	22.2
Women, Infants, and Children (WIC).	1,928.9	2,126.4	2,215.2	2,215.2
Food Donations Programs:				
Food Distribution Program	66.7	68.2	80.0	80.0
Nutrition Program for the Elderly	140.9	143.5	149.9	149.9
Soup Kitchen Commodities	40.0	39.4	32.0	32.0
Commodity Supply Food Program ...	63.9	68.8	75.0	75.0
Subtotal	311.5	319.9	336.9	336.9
Temporary Emergency Food Assistance	170.0	169.4	170.0	170.0
Food Program Administration	89.2	91.7	96.8	96.8
Subtotal, Food and Nutrition				
Service	20,393.8	22,798.1	23,953.3	23,421.0
Nutrition Assist. for Puerto Rico .	908.3	936.8	a/	a/
Total	\$21,302.1	\$23,734.9	\$23,953.3	\$23,421.0

a/ Budget for this activity reflected under the Department of Health and Human Services in 1991.

FOOD AND CONSUMER PROGRAMS

FOOD AND NUTRITION SERVICE (FNS)

The Food and Nutrition Service administers domestic food assistance programs which provide access to a more nutritious diet for persons with low incomes and which encourage better eating patterns among the Nation's children. These programs are operated in a Federal-State partnership in which the Federal government is generally responsible for 100 percent of the food costs, a share of State administrative costs, interpreting the statutes and providing guidance. Benefits are delivered by State and local officials based on income and eligibility requirements.

The overall program level for 1991 under current law for FNS is \$24.0 billion. Legislation to be proposed will result in savings of \$0.5 billion. Since these programs primarily help low-income persons and those especially vulnerable to nutritional deficiencies, funding needs are affected by poverty levels, unemployment and changes in food prices. In general, these variables are favorable again this year. The projection for 1990 unemployment is 5.48 percent and is expected to remain about the same in 1991. U.S. Census Bureau data shows the percent of individuals in poverty has been declining since 1983, to 13.1 percent in 1988 from 15.2 percent in 1983.

Food Stamp Program. The program is a Federal-State partnership that enables low-income households to improve their diets by supplementing their food dollars with food stamp coupons. With coupons, eligible households are able to purchase domestic food items at most food stores. State and local governments receive and process recipients' applications, and make eligibility and benefit determinations based on uniform nationwide standards. Their administrative responsibilities include providing employment and training or other programs to help recipients who are able to work, about one fifth of the caseload, gain employment.

The 1991 budget requests \$15.4 billion, an increase of \$0.6 billion over the 1990 current estimate of \$14.8 billion. Due to the projected increase in food costs, the maximum benefit for a family of four is expected to reach \$344 per month, an increase of \$13 over the maximum benefit of \$331 in 1990. The budget assumes \$70.0 million in savings through proposed legislative changes to be incorporated in the reauthorization of the Food Stamp Act in 1990. These changes include:

- o Employment and Training. A \$20.0 million annual savings is expected to accrue from tightening the statutory language to cap Federal reimbursement for "50 percent operational" expenditures. This change is needed to ensure that States do not use Federal funds to finance activities already underway with State funds.
- o Child Support Services. A \$50.0 million savings in 1991 is projected from requiring recipient households with children who

FOOD AND CONSUMER PROGRAMS

are entitled to child support from absent parents to cooperate with State child support enforcement agencies in seeking child support. Cash income to food stamp recipients is expected to increase by \$165.0 million through the addition of child support income not previously sought. As recipients begin receiving child support, their need for food assistance will decrease. The Department of Health and Human Services is requesting general authority for Federal agencies to issue regulations requiring families to cooperate with child support enforcement agencies in order to be eligible for Federally funded, means-tested benefits. This savings is projected to continue.

Key Information Relevant to the Food Stamp Program

	1989 Actual	1990 Current Estimate	1991 Budget Current Law	Proposed Law
Unemployment	5.25%	5.48%	5.43%	5.43%
Participation (millions)	18.821	19.306	19.214	19.214
Maximum Benefit for a family of four (\$/month)	\$300	\$331	\$344	\$344
Ave. Benefit (\$/person/month)	\$51.89	\$58.84	\$61.30	\$61.30

Funding (Dollars in Millions):				
Net Benefits	\$11,604	\$13,401	\$14,134	\$14,084
Administration and Other Program Costs	1,256	1,369	1,343	1,323
Total, Program Level ...	<u>\$12,860</u>	<u>\$14,770</u>	<u>\$15,477</u>	<u>\$15,407</u>

Child Nutrition Programs. The Child Nutrition Programs are a Federal-State partnership in which the Food and Nutrition Service assists State and local governments in providing food services for children in public and nonprofit private schools, child and adult care institutions, and summer food service programs. FNS provides States cash and commodities on a per meal basis to offset the cost of meals served to eligible children, primarily from lower income families, cash to offset a portion of State administrative costs, and technical assistance.

Under proposed law, the 1991 budget requests \$5.2 billion, a decrease of \$0.1 billion below the 1990 current estimate. Highlights include:

FOOD AND CONSUMER PROGRAMS

- o National School Lunch Program. The School Lunch Program reimburses States on the basis of the number of meals served to children in participating schools at rates which vary according to family income. Under current law, the 1991 budget requests \$3.4 billion, an increase of \$200.0 million above the 1990 current estimate of \$3.2 billion. This request will provide for a total of 4,116.8 million meals served to children, an increase of 37.7 million meals over the 1990 estimate of 4,079.1 million meals.

Under proposed law, the 1991 budget requests a net reduction of \$181.1 million in the School Lunch Program. Legislation is proposed that will increase subsidies for meals served to children in households between 130 and 185 percent of poverty by an additional \$0.20 per meal (an increase of \$54.3 million). Thus, the maximum allowable price for a lunch served to such children will be reduced from \$0.40 to \$0.20. Legislation is also proposed that will eliminate cash subsidies for meals to children from families with an income over 350 percent of poverty, i.e., \$42,350 for a family of four (a reduction of \$127.4 million); and eliminate commodity subsidies to this group (a reduction of \$108.0 million). There will be no change in subsidies for cash and commodities for meals served to students below 130 percent of poverty and between 185 and 350 percent of poverty. Schools would continue to receive current indexed subsidies for these meals.

- o School Breakfast Program. The School Breakfast Program is available to the same schools and institutions as the School Lunch Program and uses the same income eligibility guidelines as are in effect under current law. The 1991 budget requests \$606.0 million, an increase of \$41.6 million above the 1990 current estimate of \$564.4 million. This request will provide for a total of 689.6 million meals, an increase of 18.7 million meals above the 1990 estimate of 670.9 million meals.

FOOD AND CONSUMER PROGRAMS

Subsidized Meals Served and Subsidy Rates (Cash and Commodity) for the School Lunch and Breakfast Programs

<u>Income Category</u>	<u>Average Daily Subsidized Meals Served</u>		<u>Federal Subsidy School Year</u>	
	<u>1990</u> (Thousands)	<u>1991</u>	<u>1990</u> (Dollars per meal)	<u>1991</u>
<u>School Lunch Program:</u>				
1. Students from families above 350% of poverty (above \$42,350 for a family of 4)	4,835	0 <u>a/</u>	\$0.2800	0 <u>a/</u>
2. Students from families between 185% and 350% of poverty (between \$22,385 and \$42,350 for a family of 4)	8,059	8,133	\$0.2800	\$0.2875
3. Students from families between 130% and 185% of poverty (between \$15,730 and \$22,385 for a family of 4)	1,607	1,622	\$1.2650	\$1.5375 <u>b/</u>
4. Students from families below 130% of poverty (below \$15,730 for a family of 4)	9,924	10,016	\$1.6650	\$1.7375
<u>School Breakfast Program:</u>				
1. Students from families above 185% of poverty (above \$22,385 for a family of 4)	530	544	\$0.1750	\$0.1800
2. Students from families between 130% and 185% of poverty (between \$15,730 and \$22,385 for a family of 4)				
Regular	97	99	\$0.5600	\$0.5975
Severe Need <u>c/</u>	103	105	\$0.7200	\$0.7650
3. Students from families below 130% of poverty (below \$15,730 for a family of 4)				
Regular	1,374	1,412	\$0.8600	\$0.8975
Severe Need <u>c/</u>	1,913	1,967	\$1.0200	\$1.0650

a/ Under current law an average of 4,880,000 meals would be served daily at a subsidy rate of \$0.2875.

b/ Under current law the subsidy rate would be \$1.3375.

c/ Rates in effect for schools serving 40 percent of their lunches at free or reduced rates during second preceding school year.

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- o Child and Adult Care Food Program. The Child and Adult Care Food Program provides funds for food service to children in non-residential child care centers and family day care homes. In addition, certain adult day care centers are eligible for cash and commodity assistance essentially under the same guidelines as child care centers. Under current law, the 1991 budget requests \$794.4 million, an increase of \$77.5 million above the 1990 current estimate of \$716.9 million.

Under proposed law, USDA would establish a meal subsidy structure in family day care homes that is comparable to that provided currently for child care centers. Currently, all meals served in family day care homes are completely subsidized, even though 71 percent of the children participating are from families with incomes above 185 percent of poverty, (families with a median income of about \$33,000 per year). Meals served to children from families with incomes above 185 percent of poverty would continue to receive subsidies, but they would be at rates comparable to those paid for such meals in centers, not at the much higher "free" meal rate. This change would reinstate a means test that was in effect prior to 1978. The present single reimbursement was established by Congress in 1978, in an effort to expand non-residential day care for children in areas where poor economic conditions existed. However, this structure now directs subsidies primarily to the non-needy. Through this legislative change, the 1991 budget requests a reduction of \$281.2 million for a total recommended level of \$513.2 for the Child and Adult Care Food Program.

- o Summer Food Service Program. The Summer Food Service Program provides funds for food service to needy children during summer vacation. Institutions must be public or private non-profit schools, residential camps, other government organizations, or certain private non-profit organizations. Meals are served free to all participants and are limited to lunch and either breakfast or a supplement. The 1991 budget requests \$179.7 million, an increase of \$16.4 million over the 1990 current estimate of \$163.3 million. This request will provide for 95.4 million meals, an increase of 4.3 million meals above the 1990 estimate of 91.1 million meals.

Special Milk Program. The Special Milk Program encourages children to drink more milk by subsidizing half-pints of milk in schools and institutions that do not participate in other Federally-subsidized meal service programs.

The 1991 budget requests \$22.2 million, an increase of \$1.3 million over the 1990 current estimate of \$20.9 million. The total number of half-pints served is estimated at 211.0 million, including 199.3 million partially subsidized (paid) half-pints and 11.7 million fully subsidized (free) half-pints at an average reimbursement rate of \$0.1025 and \$0.1531, respectively. This compares to an estimated 199.0 million half-pints that

FOOD AND CONSUMER PROGRAMS

are expected to be served in 1990, including 188.0 million paid half-pints and 11.0 million free half-pints.

Special Supplemental Food Program for Women, Infants and Children (WIC). The WIC Program provides nutritious supplemental foods to low income pregnant, postpartum, and breast-feeding women and to infants and children up to age 5 who are determined by competent professionals to be at nutritional risk. Recipients also receive nutrition education, advice and assistance on the importance of breast-feeding, and referrals to the health care system.

The 1991 budget requests \$2.2 billion, an increase of \$0.1 billion over the 1990 current estimate of \$2.1 billion. This request will support an average monthly participation of 4.7 million women, infants and children at an average monthly food package cost of \$29.41 per person. Cost containment efforts, primarily infant formula rebates, have made it possible to expand participation to over an additional 880,000 eligible women, infants and children, with a savings of about \$500 million. Federal funds available for State program administrative costs will increase from 20 percent in 1989 to about 25 percent of total funds appropriated for the program in 1991. This increase occurs as a result of a change in the administrative funding formula from 20 percent of the appropriation to a national monthly per person administrative grant due to the Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147). In 1991, these costs are expected to average \$9.80 per person per month, for a total monthly cost per person of \$39.21.

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The following table displays program growth from 1988 to 1991:

	1988	1989	1990	1991
Total Average Partici- pation (millions).....	3.6	4.1	4.6	4.7
Average Monthly Food Cost Per Person	\$33.36	\$30.27	\$28.80	\$29.41
Average Monthly Admin. Cost Per Person	\$8.28	\$8.07	\$9.32	\$9.80

Food Cost (millions)	\$1,440	\$1,539	\$1,601	\$1,658
Administrative Cost (millions)	360	385	518	552
All Other (millions)	2	5	7	5

Total, Budget Authority	\$1,802	\$1,929	\$2,126	\$2,215

Effects of Cost Containment (Infant Formula
Rebates* - included in program totals above):

Cost Containment Savings (millions) ...	\$33	\$250	\$450	\$500
Participants Due to Rebates (millions) ...	0.07	0.48	0.82	0.88

* Highest rebate currently \$1.56 per 13 ounce can of formula.

Food Donations Program. Persons in need are provided direct food assistance through the Food Distribution Program on Indian Reservations (FDPIR); the Nutrition Program for the Elderly (NPE); Commodities for Soup Kitchens; and the Commodity Supplemental Feeding Program (CSFP). The 1991 budget requests a program level of \$336.9 million, an increase of \$17.0 million over the 1990 current estimate of \$319.9 million.

- o Food Distribution Program on Indian Reservations (FDPIR). FDPIR provides an alternative to the Food Stamp Program for eligible households living on or near an Indian reservation. FDPIR allows Indian Tribal Organizations (ITOs) to operate a food distribution program which provides a food package intended to supplement the food available to households, much like food stamps do.

The 1991 budget requests \$80.0 million, an increase of \$11.8 million over the 1990 current estimate of \$68.2 million. This increase is needed to fund an \$8 increase in the monthly cost of the food package.

- o Nutrition Program for the Elderly (NPE). As a supplement to HHS programs for the elderly through the Older Americans Act of

FOOD AND CONSUMER PROGRAMS

1965, NPE provides cash and commodities for nutritionally sound meals to local elderly nutrition centers.

The 1991 budget requests funding of \$149.9 million, a \$6.4 million increase in funding over the 1990 current estimate of \$143.5 million. The requested funding will enable the program to provide 11.3 million additional meals to the growing elderly population and maintain the current reimbursement rate of 56.76 cents per meal.

- o Commodities for Soup Kitchens. The Hunger Prevention Act of 1988 (HPA) authorized the purchase, processing, and distribution of commodities to soup kitchens and food banks. The Act gives priority to institutions which primarily serve the homeless.

As authorized by HPA, the 1991 budget requests \$32.0 million for the purchase of commodities for this program, which primarily feeds homeless people. This funding request is for the full amount authorized by the Act.

- o Commodity Supplemental Feeding Program (CSFP). CSFP provides Federally purchased commodities to supplement the diets of low-income pregnant, postpartum, and breast-feeding women, infants, and children up to age 6. The purpose and clientele is similar to the WIC program, although nutritional risk, nutrition education and health care referrals are not required. In areas where WIC and CSFP overlap recipients not eligible for WIC may be assisted through CSFP.

CSFP also differs from WIC in that persons 60 years of age and older may receive supplemental commodity packages too. Elderly participation has increased about 40 percent in recent years.

The 1991 budget requests \$75.0 million, an increase of \$6.2 million from the 1990 current estimate of \$68.8 million. This request will support an average monthly caseload of 165.1 thousand women, infants and children and 106.8 thousand elderly, the same as 1990. From 1990 to 1991, total food package costs are estimated to increase from \$22.56 to \$24.33 for WIC-type recipients and from \$18.89 to \$20.33 for elderly recipients. It is expected that appropriate foods held in surplus at USDA will continue to be made available, as in the past, without charge to the program. In addition, approximately 17 percent of these funds are also provided to share a portion of State program administrative costs.

Temporary Emergency Food Assistance Program. The Temporary Emergency Food Assistance Program (TEFAP) began as an Administration initiative in December 1981 to distribute cheese and reduce excess inventories of dairy products by providing food assistance to needy households through a Federal-State distribution partnership. Distribution was expected to last until supplies were depleted, after which time the nation would rely on its primary line of defense against hunger -- the Food Stamp, Child Nutrition

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and WIC programs. Congress subsequently enacted legislation authorizing \$50.0 million annually for TEFAP intrastate storage and distribution costs. Improved farm economic conditions and refinements to the Nation's farm price support programs have since resulted in a reduction in necessary commodity acquisitions. The distribution of commodities acquired via farm program authorities has accordingly declined from a high of \$1.1 billion in 1984 to \$135.2 million in 1989. An additional \$120.0 million worth of commodities was purchased with funds appropriated specifically for TEFAP, making a total of \$255.2 million worth of commodities available. A like amount is expected to be available in 1990.

The 1991 budget continues support for the distribution of commodities and requests reauthorization of TEFAP with the same level of funding as the 1990 appropriated level. Thus, in addition to commodities made available to TEFAP "free" from farm program authority inventories, \$170.0 million is requested -- \$120.0 million for the purchase of commodities through TEFAP authorities; and \$50.0 million in grants to States for intrastate distribution of commodities.

Food Program Administration. This appropriation provides for the salaries and expenses for Federal level administration of the domestic food assistance programs. The 1991 budget requests \$96.8 million, an increase of \$5.1 million over the 1990 current estimate of \$91.7 million. This increase will provide for additional staffing in the Food Stamp Employment and Training Program, the establishment of a new program accountability division to evaluate fraud and integrity problems in the WIC and Child Nutrition Programs, and the agency's increased operating costs.

Nutrition Assistance for Puerto Rico. The block grant for the Nutrition Assistance Program (NAP) is intended to supplement recipients' income to help them purchase food for an adequate diet. About 45 percent of Puerto Rico's population, 1.45 million out of 3.2 million, currently receive NAP food assistance. Authorization of the current block grant ends in 1990 when the Food Stamp Act expires.

The 1991 budget proposes a new grant to be authorized through the Social Security Act and administered by HHS. The proposal would provide \$825.0 million for cash assistance and would permit Puerto Rico greater flexibility in meeting its needs through decisionmaking by the Commonwealth.

FOOD AND CONSUMER PROGRAMS

HUMAN NUTRITION INFORMATION SERVICE (HNIS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Human Nutrition Information Service	\$8.8	\$9.0	\$10.7

HNIS conducts applied research in food and nutrition--what foods Americans buy and eat, what nutrients are in the foods that we eat, and how we can make informed food choices. This information is a recognized resource used by individuals and professionals all over the U.S. and the world. A large proportion of the HNIS budget - over 40 percent in 1991 - goes for contracts with private firms and land-grant institutions for research activities including the conduct of two major nationwide surveys, specifically:

- o The decennial Nationwide Food Consumption Survey (NFCS) includes an all income sample of up to 6,000 households with 15,000 individuals, and a low-income sample of 3,600 households (defined as those with incomes at 130 percent of poverty or less). This survey identifies the food consumption patterns of the households and the monetary value of the food they use. These data permit a detailed analysis of the adequacy of the American diet.
- o The Continuing Survey of Food Intakes by Individuals (CSFII), which samples 1,500 all-income households, plus 750 low-income households, is conducted annually. It provides timely data on food consumption patterns for the general population and groups which may be at nutritional risk. This survey provides an annual view of American food consumption and nutrient intake patterns, adequate for much policymaking, and is a timely complement to NFCS data.

The 1991 budget requests \$10.7 million, an increase of \$1.7 million over the 1990 current estimate of \$9.0 million. The increase will fund ongoing research and:

- o Provide \$1.0 million for the agency's participation in the \$25.0 million USDA Food Safety Initiative. As one of the four lead agencies, HNIS will develop a linkage of food intake data on individuals through an expanded Food Grouping System with a new National Residue Data Bank (NRDB). This will incorporate the pesticide use data collected by the National Agricultural Statistics Service and the levels of pesticide residues on fresh and processed products collected by other agencies, States and organizations. This component of the Administration's Residue

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Exposure Assessment System would provide estimates of potential pesticide exposure levels for individuals. HNIS would adapt the approach used in the National Nutrient Data Bank, respected worldwide, in creating the NRDB (page 13).

- o Provide \$0.5 million for a new nutrition education initiative to promote public awareness of the 1991 Dietary Guidelines for Americans.
- o Provide \$0.2 million for increased operating costs.

MARKETING AND INSPECTION PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Brucellosis	\$55.8	\$61.9	\$64.6
Screwworm	32.0	31.6	33.4
Agricultural Quarantine Inspection:			
Appropriated	65.5	64.6	0.0
User Fees	0.0	0.0	(75.0)
Animal Welfare	6.2	7.5	8.7
Boll Weevil	9.5	12.8	9.8
Mediterranean Fruit Fly	9.6	9.7	10.4
Grasshopper and Mormon Cricket	8.5	8.5	6.1
Gypsy Moth	4.6	4.6	4.9
Imported Fire Ant	4.1	4.2	1.5
Biocontrol	4.1	5.5	7.3
Animal Disease Detection	4.0	5.3	9.3
Animal Damage Control	25.6	29.4	32.1
Veterinary Diagnostics:			
Appropriated	12.4	12.2	13.0
User Fees	0.0	0.0	(1.8)
Animal Health Compliance and Enforcement	14.7	14.5	12.3
Import-Export Inspection:			
Appropriated	8.6	8.5	6.8
User Fees	0.0	0.0	(2.2)
Veterinary Biologies	8.6	8.5	9.5
Buildings and Facilities	2.5	13.6	25.4
All Other	63.0	63.0	64.2
Subtotal	339.3	365.9	319.3
New User Fees	0.0	0.0	79.0
Total	<u>\$339.3</u>	<u>\$365.9</u>	<u>\$398.3</u>

The Animal and Plant Health Inspection Service is responsible for protecting U.S. animal and plant resources from diseases and pests. The agency accomplishes this through five principle areas of activity:

- o Inspecting products at ports of entry and conducting pest control activities in other countries to prevent the introduction of foreign or exotic diseases or pests;
- o Administering domestic control and eradication programs to combat outbreaks of economically threatening plant pests and animal diseases;
- o Surveying the spread of plant pests and animal diseases for State, local, and private action;

MARKETING AND INSPECTION PROGRAMS

- o Regulating humane care of animals for research and exhibitions; and,
- o Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate Brucellosis. The program identifies infected animals and herds through surveillance and testing at points of first concentration such as auction markets and calf branding operations, removes reactors for slaughter and provides for disease prevention through vaccination. Since 1982, APHIS has been using a classification system as a basis for allocating resources and regulating interstate movement of cattle. Approximately 60 percent of the dairy and 21 percent of the Nation's beef cows were contained in 29 "Class Free" States or territories with no known infection during the previous year. There are 17 States with "Class A" status with the infection rate for cattle herds during the previous year below 0.25 percent. Currently, the highest Brucellosis infection levels, "Class B", which is an infection rate less than 1.5 percent for the previous year, are concentrated in seven southern States (Arkansas, Florida, Kentucky, Louisiana, Mississippi, Oklahoma, and Texas). There are no States which exceed the Class B level. The 1991 budget proposes funding of \$64.6 million, an increase of \$2.7 million over the 1990 current estimate. The increase will enable acceleration of key program activities and all States should be "Class Free" in 8-10 years.

Screwworm. The Screwworm Eradication Program protects the U.S. livestock industry by eradicating screwworms from Mexico and Central America Countries. An eradication barrier is maintained indefinitely to ensure that no screwworms cross the U.S.-Mexican border. The 1991 budget proposes funding of \$33.4 million, an increase of \$1.8 million over the 1990 current estimate. At this level, the program would continue operations in Mexico, begin the eradication in Belize, complete the eradication in the Yucatan, and eradicate screwworms from part of Guatemala.

Agricultural Quarantine Inspection (AQI). This activity is the Nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. The 1991 budget proposes funding of \$75.0 million, to be recovered by charging fees to cover costs of the program. This is an increase of \$10.4 million over the 1990 current estimate. International travelers should pay a reasonable fee for those activities that are needed to reduce the risk to agriculture which is created by their travel. Charging user fees for the AQI program would be consistent with the approach taken by the U.S. Customs Service and the Immigration and Naturalization Service which have been charging fees for their airport inspection work since 1986. International travelers would pay approximately \$2 per trip more under this proposal.

Animal Welfare. Under the Animal Welfare Act, APHIS carries out activities designed to ensure the humane care and treatment of warmblooded animals used for research, exhibition or sold as pets. This activity is primarily

MARKETING AND INSPECTION PROGRAMS

accomplished through unannounced inspection of dealers, research facilities, and exhibitors. The 1991 budget proposes funding of \$8.7 million, an increase of \$1.2 million over the 1990 current estimate, to fund additional inspections of all dealers, exhibitors, intermediate handlers, and research facilities; allow for carrier inspections; and reinspection of 25 percent for all licenses and registrants.

Boll Weevil. The boll weevil is the dominant pest in most of the Cotton Belt and growers apply significant quantities of pesticides each year in attempts to protect their crops. USDA participates in a boll weevil program which consists of three boll weevil projects in the Cotton Belt -- a Texas High Plains control program, a Southwestern control program, and a Southeast control program. The boll weevil projects are cooperative efforts in which cooperators pay 70 percent and APHIS pays 30 percent of the program costs. During 1989, the Southeast Boll Weevil Foundation experienced financial difficulties in part due to increased infestations as a result of a warm winter and frequent rains during the pesticide application season. As a result, an emergency was declared and USDA funds were advanced to the Foundation to continue operations. Efforts are being made to put the program on a sound financial basis. The 1991 budget proposal of \$9.8 million includes a decrease of \$3.0 million from the 1990 level since the temporary increase in the Federal costs of the Southeast boll weevil program in 1990 is not expected to continue in 1991.

Mediterranean Fruit Fly. The Mediterranean fruit fly is one of the world's most destructive pests of fruits and vegetables. The objective of the Medfly program is to prevent sustained infestations of this dangerous pest from occurring in the United States, Puerto Rico, the Virgin Islands and north of the 16 degree parallel in Central America. When an infestation of this pest does occur, APHIS, in cooperation with the affected State, initiates a program to eradicate the outbreak. Such an effort has been initiated in California to eradicate the most recent outbreaks. California has applied pesticides to reduce infestations to levels where sterile flies produced by Federal facilities can eradicate the remaining pests. Since 1990 funds may not be adequate to cover costs for this outbreak, various funding options are being considered for the current emergency. Hawaii is currently infested with Medflies. APHIS has constructed a sterile fruit fly rearing facility in Hawaii which will begin operation in 1990. The 1991 budget proposes a funding level of \$10.4 million. The increase would be used to produce sterile flies at this facility and begin test eradication efforts on Kauai.

Biocontrol. The agency currently works with States and the research community to suppress a wide variety of plant pests through the use of biological control projects for economically significant insects and weeds such as the Russian wheat aphid, Colorado potato beetle, and leafy spurge. The 1991 budget proposes funding at \$7.3 million to fund laboratory and field activities, such as foreign collecting, quarantine screening, rearing, distributing, and evaluating beneficial organisms against a number of pests.

Animal Damage Control. This program is designed to protect U.S. agriculture from losses caused by predatory animals, birds, and rodents.

MARKETING AND INSPECTION PROGRAMS

The 1991 budget for animal damage control is \$32.1 million, an increase of \$2.7 million over 1990, for ground control methods for predators, technical assistance to control rodent and bird damage problems, and research on the planning and design of studies for new animal damage control methods.

Veterinary Diagnostics. This program provides diagnostic support to the Agency's veterinary disease prevention, detection, control and eradication programs, and to the livestock and poultry industry in the U.S. It also operates a surveillance program to detect whether blood is fraudulently furnished for testing animals for export. Of the total \$14.8 million program level, user fees amounting to \$1.8 million are being proposed to recover the costs associated with specific laboratory testing and reagent production performed for States, industry, universities, and other Federal agencies.

Buildings and Facilities. This separate APHIS appropriation of \$25.4 million funds new construction, as well as maintenance and repair of APHIS-operated facilities. Specifically, the 1991 budget proposes:

- o \$4.0 million to transfer the Denver Wildlife Research Center (DWRC) to a new facility located in Ft. Collins, Colorado. The Congress provided money in 1990 to upgrade the DWRC to meet the requirements of the Animal Welfare Act and the Good Laboratory Practices mandated by the Environmental Protection Agency for pesticide registration. After further evaluation and review, APHIS has determined that a rural location in Ft. Collins would be better suited for an animal research and holding facility than the urban facility in Denver. The funds provided by Congress in 1990 for DWRC will be used to initiate construction of the facility in Ft. Collins, and the requested funds for 1991 will be used to complete the facility.
- o \$4.4 million for repairs, alterations, and renovations for currently owned APHIS facilities;
- o \$5.0 million for improvements and repairs to the APHIS facilities at the Plum Island Animal Disease Center in New York; and
- o \$12.0 million for the National Germplasm Quarantine Center at Beltsville, Maryland. This center would protect U.S. breeders from foreign plant pests and diseases entering the country on imported plant materials.

MARKETING AND INSPECTION PROGRAMS

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Slaughter Inspection	\$236.6	\$242.3	\$257.1
Processing Inspection	100.7	103.1	108.6
Import-Export Inspection	10.0	10.5	11.0
Laboratory Service	21.1	24.4	25.7
Grants to States	36.5	36.6	38.5
Subtotal	404.9	416.9	440.9
Trust Funds	1.1	1.2	1.2
Total	<u>\$406.0</u>	<u>\$418.1</u>	<u>\$442.1</u>

The mission of the Food Safety and Inspection Service is to assure the Nation's meat and poultry supply is safe, wholesome, unadulterated and properly labeled and packaged.

In 1991, the budget proposes a program level of \$442.1 million, an increase of \$24.0 million over the 1990 current estimate. Of the total increase, about \$21.0 million will fund increased operating costs. In addition, about \$3.0 million will be used to increase the number of inspectors for coverage of new slaughter lines and shifts.

Specific FSIS activities include the following:

Slaughter Inspection. FSIS inspectors and veterinarians inspect all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues. Other responsibilities include the application of uniform standards for sanitation, equipment, and facilities, and humane methods of slaughter.

Processing Inspection. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions. In addition, inspector duties include sampling for laboratory analysis. In 1989, proposed regulations to alter the method and frequency of processing inspection were withdrawn due to strong public opposition. The 1991 budget does not include savings from implementation of improved inspection methodologies. However, the agency is continuing to incorporate modern inspection technology into the management of processing inspection using the Hazard Analysis and Critical Control Points (HACCP) principles.

Import-Export Inspection. FSIS reviews inspection systems in countries exporting meat and poultry products to the U.S. and inspects imported products at ports of entry. Products destined for export markets are inspected by FSIS domestic inspectors at slaughter and processing plants

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for proper labels and packaging in accordance with the destination country's standards.

Laboratory Services. FSIS operates four laboratories and has agreements with two other private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed to identify the presence of pathogens, residues, additives, disease, and foreign matter. FSIS operates the Residue Violation Information System which rapidly provides and disseminates data on residue violations, repeat offenders, and agency enforcement actions.

Grants to States. FSIS has authority to approve state meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States program, up to 50 percent of each State's costs.

AGRICULTURAL MARKETING SERVICE (AMS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Appropriated Funds:			
Market News	\$15.8	\$16.4	\$17.7
Inspection and Standardization	14.0	13.3	11.5
Market Protection and Promotion	2.1	1.8	16.9
Wholesale Market Development	1.6	1.6	1.7
Payments to States	0.9	1.2	0.9
Total, Appropriated	34.4	34.3	48.7
Section 32 Funds:			
Marketing Agreements and Orders	7.6	7.9	0.3
Commodity Purchase Services	3.5	4.3	5.7
User Fees and Trust Funds	<u>122.1</u>	<u>131.4</u>	<u>146.8</u>
Total, Program Level	<u>\$167.6</u>	<u>\$177.9</u>	<u>\$201.5</u>

Programs of the Agricultural Marketing Service enhance the marketing and distribution of agricultural products. For 1991, the budget proposes \$201.5 million of program activity of which \$146.8 million (72.9 percent) will be funded by user fees. The 1991 budget proposes to convert \$13.3 million in appropriated funding to user fees.

Food Safety Initiative. The Market Protection and Promotion activity includes \$15.8 million for the AMS portion of the Departmental Food Safety Initiative to administer a national pesticide residue monitoring program. AMS would enter into contracts with States to sample and test commodities

MARKETING AND INSPECTION PROGRAMS

within market distribution channels for pesticide residues. States with the highest production of fruits and vegetables would be encouraged to participate in 1991 (page 13).

Market News Program. This program provides timely, accurate information to assist producers, growers, and marketers of farm products in making critical decisions of where and when to sell and at what price. The collection of market information is a joint effort by both Federal and State reporters. Once the data is collected, it is summarized and incorporated into standardized formats for dissemination. Reports are disseminated through several media, including satellite distribution, wire services, telephone message machines, news services, and mail.

The budget proposes an increase of \$1.3 million for increased operating costs and for continued software development and computer equipment. This equipment will increase the ability of the Department to summarize market data for regional and national reports and improves the ability of non-AMS users to access data for comparative analysis among markets and commodities, as well as examining trends.

Under current law, tobacco growers cannot be charged a fee for printed tobacco news reports. Subscription fees are charged for all other commodity news reports. The budget includes a legislative proposal to charge tobacco growers for costs associated with the postage, printing, and handling of printed market news reports. This proposal would save \$30 thousand.

Inspection and Standardization. AMS develops and maintains standards of quality and condition for use in the grading of agricultural commodities. The standards provide a common language of trade for buyers and sellers of commodities both here and abroad. For 1991, legislation will be proposed to convert \$3.9 million in appropriations to user fees to cover the costs of developing commodity standards. Commodity standardization and grading provides a direct benefit to the industry by helping to insure the orderly and efficient marketing and distribution of farm commodities from the farm to domestic and foreign buyers. AMS will collect an estimated \$132.3 million in user fees for providing grading services to the industry in 1991.

Under authority provided by the Egg Products Inspection Act, AMS operates a mandatory continuous inspection program for processed egg products and determines the disposition of unwholesome eggs. The AMS inspectors' duties include checking the acceptability of shell eggs, monitoring sanitation, and oversight of processing procedures. All eggs processed for human consumption must be pasteurized which eliminates Salmonella, including the enteritidis strain. Inspectors have authority to remove eggs unfit for human consumption and, in cases where a plant fails to meet AMS requirements, inspectors may withdraw inspection and close the plant.

For 1991, the budget includes an increase of \$1.6 million for increased operating costs and for increased monitoring and testing of egg products for microbiological and chemical contamination. In-plant inspectors would send samples for analysis to AMS laboratories. Test results would be used

MARKETING AND INSPECTION PROGRAMS

to determine if certain emerging pathogens and/or chemical residues are problems in egg products. Although most reported egg related illnesses result from improper handling of table eggs, increased testing would further reduce the possibility of infection from processed egg products.

Marketing Agreements and Orders. Marketing orders maintain orderly conditions by establishing minimum prices which handlers pay producers for milk and dairy products and by regulating the quality, quantity, or size of fruits and vegetables which handlers market in commercial channels. Marketing Agreements and Orders are administered at the local level by market administrators or committees whose expenses are financed through assessments collected by the market administrators or committees from regulated handlers. AMS supervises the administration of this program and conducts hearings to determine producer sentiment toward new order programs and revisions of current programs.

For 1991, legislation will be proposed to recover Federal costs for administration and economic analyses related to Marketing Agreements and Orders for milk, fruit, vegetables, and certain specialty crops through assessments. The appropriate market administrator or committee will be billed for these costs. The estimated savings generated by this proposal are \$9.4 million.

FEDERAL GRAIN INSPECTION SERVICE (FGIS)

Program Level (Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Appropriated Funds	\$8.1	\$8.2	\$4.7
User Fees	35.4	36.3	42.9
Total, Program Level	<u>\$43.5</u>	<u>\$44.5</u>	<u>\$47.6</u>

The Federal Grain Inspection Service establishes official U.S. Standards for grain, conducts weighing and inspection activities, and inspects other agricultural products, such as rice, dry beans and peas, processed grain products, and hops.

Congress enacted reauthorizing legislation in 1988, that continued the agency's authority to receive appropriated funds for standardization and compliance activities and to charge user fees for weighing and inspection services. About 78 percent of the program is financed by user fees. The 1991 budget proposes to seek additional authority to charge user fees for standardization and quality assurance activities.

The 1991 budget proposes a program level of \$47.6 million, an increase of \$3.1 million over the 1990 current estimate. The increase includes \$1.5 million for increased operating costs and \$1.6 million for program

MARKETING AND INSPECTION PROGRAMS

initiatives to improve grain quality, standards development, residue testing, and inspection improvements.

The 1991 budget proposes to charge users fees for standardization and quality assurance activities, and estimates \$5.7 million will be collected. Compliance activities will continue to be financed from appropriated funds. This proposal is consistent with a proposal in the Agricultural Marketing Service to charge user fees for commodity standardization activities.

OFFICE OF TRANSPORTATION (OT)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Office of Transportation	\$2.4	\$2.4	\$2.4

The Office of Transportation analyzes the rural transportation system and represents rural interests regarding the needs for adequate facilities to transport people and agricultural commodities. OT conducts research on specific transportation problems and provides technical and administrative assistance and coordination in the development and implementation of agricultural transportation policies and programs of USDA. The 1991 budget requests \$2.4 million for this agency, the same level as 1990.

PACKERS AND STOCKYARDS ADMINISTRATION (PSA)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Packers and Stockyards Administration ..	\$9.6	\$9.6	\$10.7

The Packers and Stockyards Administration works to assure the integrity of the livestock, meat, and poultry markets and the market place. This is accomplished through fostering fair and open competition and guarding against deceptive and fraudulent practices which affect meat and poultry prices. Both consumers and industry are protected from unfair business practices which can unduly affect meat and poultry distribution and prices. The 1991 budget requests \$10.7 million, an increase of \$1.1 million over the 1990 current estimate. This includes an increase of \$485 thousand for increased operating costs and \$640 thousand to develop and implement an agencywide Information Management System (AIMS). AIMS will allow the agency to analyze the financial condition and competitive behavior of meat and poultry packers. Through statistical analysis, PSA will be able to

MARKETING AND INSPECTION PROGRAMS

identify circumstances and entities with greater likelihood of trust violations, thereby enabling the agency to better target resources.

AGRICULTURAL COOPERATIVE SERVICE (ACS)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Agricultural Cooperative Service	\$4.7	\$4.7	\$4.8

The purpose of the Agricultural Cooperative Service is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives. ACS provides technical assistance and conducts research on economic, financial, organizational, legal, social, and other related issues that affect cooperatives. The 1991 budget requests \$4.8 million for this agency, about the same level as 1990.

ECONOMICS AND STATISTICS

ECONOMICS AND STATISTICS

Program Level
(Dollars in Millions)

Agency	1989 Actual	1990 Current Estimate	1991 Budget
Economic Research Service	\$49.7	\$50.9	\$56.5
National Agricultural Statistics Service	63.8	67.1	81.4
World Agricultural Outlook Board	1.8	1.9	2.4
Total, Economics and Statistics	<u>\$115.3</u>	<u>\$119.9</u>	<u>\$140.3</u>

ECONOMIC RESEARCH SERVICE (ERS)

The Economic Research Service provides agricultural economic information that addresses the concerns and the decisionmaking needs of farmers, consumers, extension workers, private analysts, processors, marketers, and government policy officials. ERS is requesting an increase of \$5.6 million over the 1990 current estimate. This includes an increase of \$1.6 million for support of the Administration's Food Safety Initiative. This increase will provide analytic support for USDA food safety and pesticide assessment activities and the evaluation of the costs and benefits of alternative public and private food safety control strategies and will provide assessment of the impact of pesticide regulation and residue control programs on the safety of the public food supply (page 13).

In response to national concern for the conservation and purity of our water supply, the Department established an ongoing Water Quality Initiative in 1989. In 1991, ERS is requesting a \$2.1 million increase to expand water quality-related data collection and economic and policy analysis in response to the need of USDA and other Federal agencies for research, education, technical assistance, and pesticide benefit-cost and risk assessments (page 18). The budget also includes a request of \$1.8 million for increased operating costs.

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

The National Agricultural Statistics Service collects and reports statistical data on crop and livestock production, inventories, prices and other agricultural economic indicators. It provides critical data for use by farmers, marketers, private and public sector analysts and officials.

Crop and livestock estimates are made by a central office in Washington, D.C., and by State statistical offices which are typically operated as joint State and Federal services. The agency also conducts and coordinates research on statistical techniques. An increase of \$14.3 million over the

ECONOMICS AND STATISTICS

1990 current estimate is requested. Proposed increases include: \$7.0 million for a 3-year cyclical survey of pesticide use data which will complement State data and thereby provide more useful and current data in support of the Food Safety Initiative (page 13); \$2.4 million to improve statistical sampling frames in order to enhance efficiency and quality of data collection; \$1.8 million to enhance data collection on agricultural labor and wage rates; and \$3.0 million for increased program support costs and increased pay costs.

WORLD AGRICULTURAL OUTLOOK BOARD (WAOB)

The World Agricultural Outlook Board serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture, and is responsible for coordination and clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The WAOB funding request for 1991 of \$2.4 million represents a total increase of \$494 thousand. This increase includes: \$184 thousand for improved systems to handle weather information; \$233 thousand for the development of an inventory of remote sensing activities and for other data management and ADP costs; and \$77 thousand increased program support costs.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL ACTIVITIES (DA)

Program Level
(Dollars in Millions)

Program	1989 Actual	1990 Current Estimate	1991 Budget
Departmental Activities:			
Office of the Secretary	\$6.4	\$7.3	\$7.8
Departmental Administration			
Staff Offices	21.5	22.0	23.4
Office of Budget and Program			
Analysis	4.4	4.5	5.0
Office of Public Affairs	8.5	8.5	8.9
Office of the Inspector General	50.5	51.8	57.6
Office of the General Counsel	20.8	21.5	23.5
Subtotal	112.1	115.6	126.2
Centralized Activities:			
Advisory Committees	1.5	1.5	1.4
Building Operations and			
Maintenance	21.4	23.0	25.1
Rental Payments	49.2	49.0	49.3
Hazardous Waste Management	5.0	19.9	29.6
Working Capital Fund			
Capitalization	4.7	0.0	3.8
Subtotal	81.8	93.4	109.2
Total	\$193.9	\$209.0	\$235.4

The Departmental activities include responsibility for: overall planning, coordination and administration of the Department's policies and programs; coordination and liaison between the agencies of the Department and the Office of Management and Budget, the Congress, the media and the public; central services to the agencies of the Department and all legal, audit and investigative work in connection with administration of the Department's programs.

For 1991, funds are requested for increased operating costs and for several Departmental staff program support initiatives.

Departmental Administration. Staff offices would be provided program increases to:

- o Promote awareness and participation by 1890 Historically Black Land-Grant Institutions in the Department's activities and programs to increase recruitment of minority graduates.
- o Develop, monitor, and manage a centralized motor vehicle information system that is required as part of the

DEPARTMENTAL ACTIVITIES

governmentwide initiative to reduce costs of motor fleets by the Consolidated Omnibus Reconciliation Act of 1985.

- o Allow the Small and Disadvantaged Business Utilization program to respond to three recently enacted laws, the Business Opportunity Reform Act of 1988, Prompt Payment Act Amendments of 1988, and the Rural Development Program, that target minority businesses to encourage rural development.

Office of the Inspector General. The 1991 budget includes program increases to strengthen the audit and investigative activities.

Office of the General Counsel. The 1991 budget provides for additional legal services to respond to its growing caseload and to continue the modernization of caseload tracking and word processing systems.

Central Activities. The 1991 budget includes program increases for:

- o Operation and management of the Department's buildings in the D.C. complex. The requested funds will be used to cover increasing utility and service contracts costs, and to continue the conversion of underused space to office space.
- o Under the Comprehensive Environmental Response Compensation and Liability Act and the Resource Conservation and Recovery Act, the Department has the responsibility to meet the same standards for storage and disposition of hazardous wastes as private businesses. An increase of \$9.7 million will enable the Department to continue to correct problems caused by past hazardous waste disposal practices and to comply with the regulations of current hazardous substances.
- o Capitalization of centrally-financed services. The 1991 budget includes \$3.8 million to complete the multi-year \$40.0 million capitalization effort for the Department's Working Capital Fund.

UNITED STATES DEPARTMENT OF AGRICULTURE
Budget Authority
(Dollars in Thousands)

Agency	1989 Actual	1990 Current Estimate	1991 Budget
SCIENCE AND EDUCATION			
Agricultural Research Service	\$586,429	\$601,598	\$661,110
Cooperative State Research Service	340,917	385,626	346,893
Extension Service	361,370	369,180	345,676
National Agricultural Library	14,268	14,676	15,773
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS			
Agricultural Stabilization and Conservation Service	1,936,758	1,238,416	2,094,060
Foreign Agricultural Service	95,417	101,343	103,548
Commodity Credit Corporation	12,246,162	9,232,768	11,455,751
Office of International Cooperation and Development	10,136	10,851	8,828
P.L. 480	1,098,100	978,221	897,853
NATURAL RESOURCES AND ENVIRONMENT			
Soil Conservation Service	704,339	727,791	725,395
Forest Service	3,105,640	3,129,284	3,104,072
SMALL COMMUNITY AND RURAL DEVELOPMENT			
Farmers Home Administration	13,353,616	13,079,940	12,433,462
Federal Crop Insurance Corporation	313,992	385,633	72,853
Rural Electrification Administration	660,120	1,335,914	74,464
FOOD AND CONSUMER SERVICES			
Food and Nutrition Service	20,912,052	23,285,856	23,371,215
Section 32	405,873	581,020	373,984
Human Nutrition Information Service	8,823	9,031	10,705
MARKETING AND INSPECTION SERVICES			
Federal Grain Inspection Service	8,115	8,185	4,746
Animal and Plant Health Inspection Service	339,332	365,974	319,408
Food Safety Inspection Service	406,070	418,048	442,082
Agricultural Cooperative Service	4,655	4,714	4,764
Agricultural Marketing Service	125,451	127,771	142,126
Office of Transportation	2,397	2,397	2,429
Packers and Stockyards Administration	9,562	9,562	10,687
ECONOMICS			
Economic Research Service	49,629	50,889	56,462
National Agricultural Statistics Service ..	63,791	67,076	81,351
World Agricultural Outlook Board	1,820	1,909	2,404
ADMINISTRATION			
Office of the Secretary	6,403	7,294	7,786
Departmental Administration	21,533	22,022	23,355
Hazardous Waste Management	5,000	19,927	29,586
Working Capital Fund	4,708	0	3,750
Rental Payments and Building Operations ...	70,661	72,027	74,398
Advisory Committees	1,494	1,494	1,407
Office of Public Affairs	8,409	8,493	8,882
Office of the Inspector General	50,510	51,779	57,630
Office of Budget and Program Analysis	4,389	4,522	4,971
Office of the General Counsel	20,836	21,525	23,517
Gifts and Bequests	2,095	2,633	2,500
Offsetting Receipts	-1,627,621	-1,594,149	-1,589,540
TOTAL, U.S. DEPARTMENT OF AGRICULTURE ...	\$55,733,251	\$55,141,240	\$55,810,343

UNITED STATES DEPARTMENT OF AGRICULTURE
Outlays
(Dollars in Thousands)

Agency	1989 Actual	1990 Current Estimate	1991 Budget
SCIENCE AND EDUCATION			
Agricultural Research Service	\$579,695	\$606,110	\$635,431
Cooperative State Research Service	343,485	393,355	371,964
Extension Service	360,484	367,478	341,950
National Agricultural Library	13,450	14,516	15,376
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS			
Agricultural Stabilization and Conservation Service	1,585,410	1,965,981	2,206,228
Foreign Agricultural Service	89,282	101,343	103,548
Commodity Credit Corporation	10,523,140	8,173,572	10,238,874
Office of International Cooperation and Development	7,547	12,211	10,648
P.L. 480	1,157,225	1,177,562	1,029,000
NATURAL RESOURCES AND ENVIRONMENT			
Soil Conservation Service	680,621	738,607	732,776
Forest Service	2,943,969	3,179,375	3,020,114
SMALL COMMUNITY AND RURAL DEVELOPMENT			
Farmers Home Administration	7,608,047	7,124,256	5,820,842
Federal Crop Insurance Corporation	1,103,426	1,180,840	430,083
Rural Electrification Administration	502,017	108,658	649,290
FOOD AND CONSUMER SERVICES			
Food and Nutrition Service	20,774,296	23,009,223	23,036,437
Section 32	454,307	422,624	358,632
Human Nutrition Information Service	8,226	8,878	9,962
MARKETING AND INSPECTION SERVICES			
Federal Grain Inspection Service	6,641	8,185	4,746
Animal and Plant Health Inspection Service	361,912	365,725	314,478
Food Safety Inspection Service	402,415	415,515	442,082
Agricultural Cooperative Service	4,883	4,714	4,764
Agricultural Marketing Service	121,523	125,825	142,344
Office of Transportation	2,337	2,397	2,429
Packers and Stockyards Administration	9,200	9,633	10,687
ECONOMICS			
Economic Research Service	50,113	50,372	55,697
National Agricultural Statistics Service ..	62,585	65,037	80,625
World Agricultural Outlook Board	1,733	1,888	2,317
ADMINISTRATION			
Office of the Secretary	5,996	7,235	7,769
Departmental Administration	20,767	21,911	22,922
Hazardous Waste Management	1,194	13,158	26,135
Working Capital Fund	4,680	1,001	3,750
Rental Payments and Building Operations ...	65,620	72,562	73,894
Advisory Committees	1,555	1,494	1,521
Office of Public Affairs	7,569	8,493	8,882
Office of the Inspector General	50,611	51,476	57,630
Office of Budget and Program Analysis	4,389	4,522	4,945
Office of the General Counsel	20,120	21,525	23,517
Gifts and Bequests	3,382	2,632	2,501
Offsetting Receipts	-1,627,621	-1,594,149	-1,589,540
TOTAL, U.S. DEPARTMENT OF AGRICULTURE ...	\$48,316,231	\$48,245,740	\$48,715,250

UNITED STATES DEPARTMENT OF AGRICULTURE

Staff-Years

Fiscal Years 1989, 1990, and 1991

Agency	1989 Actual	1990 Estimate	1991 Estimate
SCIENCE AND EDUCATION			
Agricultural Research Service	8,200	8,200	8,200
Cooperative State Research Service	167	175	193
Extension Service	171	173	175
National Agricultural Library	202	192	192
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS			
Agricultural Stabilization and Conservation Service	3,295	3,359	3,364
Foreign Agricultural Service	851	847	855
Office of International Cooperation and Development	187	194	196
NATURAL RESOURCES AND ENVIRONMENT			
Forest Service	40,913	40,000	39,085
Soil Conservation Service	13,954	14,177	13,821
SMALL COMMUNITY AND RURAL DEVELOPMENT			
Farmers Home Administration	12,571	12,825	13,250
Rural Electrification Administration	533	550	531
Federal Crop Insurance Corporation	862	865	865
FOOD AND CONSUMER SERVICES			
Human Nutrition Information Service	90	90	106
Food and Nutrition Service	1,907	2,026	2,076
MARKETING AND INSPECTION SERVICES			
Federal Grain Inspection Service	816	800	807
Animal and Plant Health Inspection Service	5,633	5,680	5,750
Food Safety and Inspection Service	9,367	9,423	9,525
Agricultural Cooperative Service	65	69	69
Agricultural Marketing Service	4,095	4,097	4,117
Office of Transportation	35	35	35
Packers and Stockyards Administration	183	187	187
ECONOMICS			
Economic Research Service	792	850	835
National Agricultural Statistics Service .	1,059	1,034	1,209
World Agricultural Outlook Board	28	32	33
ADMINISTRATION			
Office of the Secretary	87	93	95
Departmental Administration	2,071	2,177	2,189
Office of Budget and Program Analysis	74	78	78
Office of Public Affairs	141	153	153
Office of the Inspector General	860	860	870
Office of the General Counsel	359	387	400
TOTAL, United States Department of Agriculture	109,567	109,628	109,261

